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NEWS SUMMARY

GENERAL

French Navy fights trawlers

French Navy vessels equipped with water cannon battled with trawlers in an attempt to stop protesting fishermen interrupting oil supplies.

Five trawlers were badly damaged in the skirmish near the Normandy oil terminal at Cape Antifer.

The country's biggest oil terminal at Fos, east of Marseilles, was again blockaded in defiance of the navy, which had reopened the port before the week-end. Back page.

Embassy move

The Dutch Government decision to move its embassy in Israel from Jerusalem to Tel Aviv has created a political storm in The Hague and damaged good relations between the two countries. Back Page

China shuffle

China has appointed new finance and agriculture ministers in the lead-up to next week's meeting of the National People's Congress, which is expected to replace Hua Guofeng as Premier. Page 4

Blaze probe

Police investigating the arson attack on two illegal drinking clubs in Soho, in which 37 died, were questioning a man after a tip-off.

Drugs denial

Lord Moynihan, the British peer living in the Philippines who was named in an Australian Royal Commission Report on drug trafficking, denies any connections with dangerous drugs transactions, his lawyer said.

Times peace bid

New moves to settle the journalists' strike at The Times were under way, but the paper was again not produced. Back Page

Players released

A Buenos Aires magistrate ordered the unconditional release of two British rugby players arrested two weeks ago and accused of stealing an Argentine flag. A third, who faces trial, was released on bail.

Brothers defect

Two Czechoslovak ice hockey internationals—brothers Peter and Anton Stastny—have defected to Canada after leaving their team playing a tournament in Austria.

Iran executions

Ten Iranians convicted of taking part in an alleged coup plot last month were executed in Isfahan. In Tehran, a former Justice Minister under the late Shah was given 50 lashes for keeping alcoholic drinks.

Muskie plea

U.S. Secretary of State Edmund Muskie blamed the oil-exporting countries for world economic problems. He told the UN General Assembly they should adopt stable price and supply policies. Page 4

It's a dog's life

Thieves who broke into a compound guarded by Leila, a Dobermann Pinscher, stole two of her nine-week-old puppies.

Briefly . . .

BBC Russian Service has increased daily transmissions to the Soviet Union from five to 5½ hours.

Trophies representing 70 years of British motoring were stolen from the British Leyland Heritage Exhibition

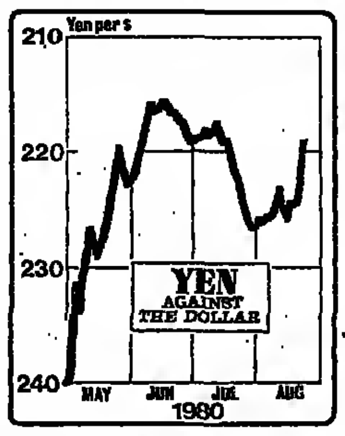
Holidaymakers tempted by a £1,000 reward joined the search for missing grizzly bear Hercules in the Hebrides.

BUSINESS

Sterling's index at 5½ year high

● **STERLING** advanced strongly on news of Texaco's North Sea oil discovery to close at $2.3800, a rise of 1.15 cents from Monday's New York close. Its trade-weighted index rose to a 5½-year high of 75.8 (75.7). Page 21

● **DOLLAR** fell to a four-week low of Y221.50 on selling in Tokyo. This partly reflected indications of growing Japanese economic strength compared with the U.S. The trend continued in London, where the dollar fell to Y219.20 from Y223.15 in New York on Monday. Its index dropped to 84.3 from 84.8 on Friday. Page 21



● **GOLD** fell $6 to close at $631.5 in London. Page 21

● **EQUITIES** drifted down. The FT 30-share index closed 3.1 lower at 495.8, much of the fall resulting from end-Account profit-taking in the recently buoyant electrical sector. Page 24

● **GILTS** reverted to the day's lowest after hours. The FT Government Securities index finished 0.25 down at 68.72. Page 24

● **WALL STREET** was up 2.56 at 953.79 near the close. Page 22

● **TEXACO** announced a promising oil discovery on block 14/20 of the UK's North Sea sector. Back Page

● **FLOATING** production platform similar to the Alexander L Kielland, which capsized with the loss of 123 lives in Norway's sector of the North Sea in March, has been pronounced safe for use in the UK's Buchan field. Page 8

● **CO-OPERATIVE** Wholesale Society plans a management shake-up to help the retail societies compete more effectively. Page 8

● **PRINT** unions meet today to try to resolve disagreements over a motion on the media which will be debated at next week's TUC conference. Page 10

● **DAIMLER-BENZ** of West Germany is to raise its 45.6 per cent interest in Spanish vehicle maker Mevosa to a controlling stake of 52 per cent. Page 16

● **SECOND** attempt to export *Japanese Hino trucks from* Ireland to Britain has renewed protests by the UK industry and unions. Page 9

● **HONDA** has told its UK subsidiary to curtail car deliveries to dealers. The Japanese company says it will cut exports to Britain. Back Page. New Honda car, Page 6

● **TOYOTA**, Japan's biggest car manufacturer, reports record earnings for its last financial year. Net profit increased 40.7 per cent to Y143.57bn (£271m). Page 20

● ***FAIRCLOUGH* CONSTRUCTION** Group's first half taxable profits improved to £4.21m (£4.07m) on turnover £27.14m higher at £134.93m. Page 16; Lex, Back Page

● **IMI**, the refining, fabricating and fasteners group, reports pre-tax profits up 26 per cent to £17.1m (£13.6m) in the half year to June 30. Page 17; Lex,

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Belhaven Brewery...	33	+ 2
Brent Walker	71	+ 4
Brown Shipley ...	380	+ 12
Coral Leisure	60	+ 4
East Midland Allied Press A	82	+ 5
Gill & Duffus	169	+ 8
Goldman (H.)	17	+ 3½
Gresham House ...	225	+ 13
Sothebys	467	+ 27
Standard Chartered	580	+ 15
Rosehaugh	140	+ 14
Berjuntai	300	+ 35
Bond Corp.	134	+ 6
End. Resources ...	28	+ 3½
Gopeng Cons.	630	+ 15
Hongkong Tin	430	+ 35
Kamunting	115	+ 10
Meridan Oil	17	+ 3

FALLS		
Treas. 12pc 1984 ...	£95¾	− ⅛
Treas. 13¼pc 1993...	102⅛	− ⅛
Fairclough Cons. ...	71	− 4
GEC	500	− 12
HK & Shanghai Bkg	155	− 5
Hoover A	135	− 5
ICI	356	− 6
Lee Cooper	156	− 6
M.L. Holdings	340	− 10
Marchwiel	84	− 12
Plessey	236	− 7
Stocks (J.)	88	− 12
Unitech	329	− 13
Basic Resources ...	610	− 44
Tricentrol	328	− 8
Ashton Mining	155	− 5

Polish government considers allowing independent unions

BY CHRISTOPHER BOBINSKI IN GDANSK

A POLISH government negotiating team, headed by Mr. Mieczyslaw Jagielski, Deputy Premier, indicated to striking workers here yesterday that it is considering their principal demand, for the establishment of an independent trade union movement, and is prepared to guarantee their right to strike.

Talks with the Gdansk inter-factor strike committee, MKS, which is co-ordinating strikes in more than 400 plants and institutions in the area, resumed yesterday morning after the authorities agreed to restore telephone links with Warsaw and Szczecin, the other large Baltic port hit by the strike wave.

Some of the proceedings were broadcast in full on local radio stations serving around 1m people.

Strikes spread to several more Polish cities yesterday including Wroclaw, Lodz and Rzeszow.

The Gdansk MKS stressed at a three-hour meeting with the Government team that it considers the establishment of an independent trade union movement central to any agreement which might end the 13-day stoppage.

Although Mr. Jagielski stck to his proposal for reform of the existing trade union movement in the session, it was learnt yesterday that he is privately convinced of the necessity to consider the strikers' demands on this issue.

If the authorities were to agree to setting up independent unions alongside the existing union structure, this would introduce another pluralistic element into Polish society alongside the Catholic church and the private farming sector.

But this would be a major change in Eastern Europe where

Western bankers still support Poland. Page 2

East Germans told to work harder. Page 2

Polish shadow over Ostpolitik. Page 15

the system is based on the monopoly of control over society by the ruling Communist Party and Government.

Mr. Jagielski agreed to the meeting to guarantee the right to strike. Mr. Lech Walesa, the NKS chairman, said at the start of the meeting: "We agree on the free trade unions demand, then we will go through the others in no time."

Loudspeakers transmitted the proceedings throughout the Gdansk Lenin shipyard, the headquarters of the strike committee and the venue for the talks. Later in the day they were broadcast on local radio.

Mr. Jagielski asked for a break in talks in the afternoon, in which three representatives from each side discussed the details of the trade union issue. In this interval the Deputy Premier consulted with his colleagues in the Communist Party leadership in Warsaw. The talks resumed late last night.

The MKS, which is being advised by a group of economists from Warsaw, wants the Government to say that it will allow new independent unions to register as legally recognised institutions.

The strikers are basing their demands on convention 87 of International Labour Organisation, which guarantees labour freedom, and which the Polish Government ratified in 1966. The MKS wants guarantees that workers in those areas where there have been no strikes should not be hindered if they want to set up independent trade unions. The strikers are not demanding the abolition of the present trade union organisation.

MKS delegates yesterday morning said the lack of an authentic union movement representing workers' views to the authorities had led to the present economic and political crisis in Poland.

The MKS negotiators told the authorities that they needed to hear independent views on policies. "Gentlemen," one of the strikers said without a trace

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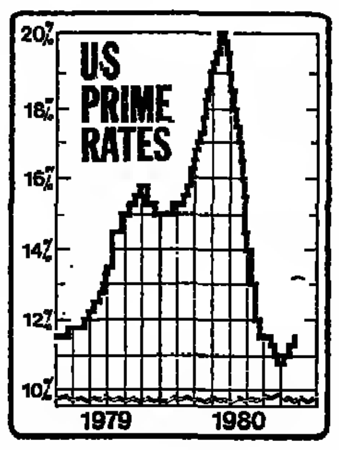


Prime goes up to 11½%

By David Lascelles in New York

THE U.S. Prime Rate registered its second increase in a week yesterday when a number of banks announced a rise of ¼ per centage point to 11¼ per cent.

The rise was led by Chase Manhattan, the large New York bank which has been in the forefront of most Prime Rate changes this year. It was followed by Wells Fargo, Marine Midland, the upstate New York banks, and some smaller banks.

Chase was the first to reverse the Prime's four-month downward trend when it moved from 11 per cent to 11¼ per cent last week. The increase was not followed by other large banks until last Friday, which is probably why they were reluctant to rush into another increase yesterday.

The market had been expecting yesterday's rise in the Prime, the rate U.S. banks charge their best corporate borrowers, and it had little impact.

Another Prime Rate rise was to be expected following the sharp upward trend in interest rates in the last few days. Three-month certificates of deposit, which provide a useful guide to future Prime Rate trends, were trading at 10.50 per cent yesterday. Given that there is normally a spread of at least 1.S per ecent dbetween CDs and the Prime, yet another increase in the Prime Rate is possible; unless money costs subside fairly sharply in the days to come.

The tightness of the money markets reflects Wall Street's mounting worries over the recent resurgence of the money supply, and the possibility that the Federal Reserve may have to rein in credit. The Fed has conspicuously stood back from the market this week, apparently content to allow interest rates to ride up by themselves.

£ in New York

—	Aug. 25	Previous
Spot	$2.3680-3690	$2.3595-3605
1 month	1.47-1.41 dis	1.47-1.41 dis
3 months	3.09-3.03 dis	3.12-3.08 dis
12months	5.75-6.69 dis	6.80-6.60 dis

New Cabinet boosts Botha reform plans

BY BERNARD SIMON IN JOHANNESBURG

MR. P. W. BOTHA, the South African Prime Minister, yesterday announced a major Cabinet reshuffle, appointing seven new ministers and three deputy ministers.

The two key appointments are General Magnus Malan, till now the Chief of the Defence Force, who becomes Minister of Defence, and Dr. Gerrit Viljoen, the Administrator-General of South-West Africa/Namibia, who has been given the Education portfolio.

The changes bring a number of Mr. Botha's key supporters and advisers into the Cabinet, and are likely to strengthen his hand in overcoming Right-wing opposition to race and labour reforms, at which he has hinted ever since coming to office almost two years ago.

The implementation of these reforms had recently come to a virtual standstill, ostensibly because of opposition from the ultra-conservative wing of the ruling National Party.

The leader of the Right-wing, Dr. Andries Treurnicht, who also heads the party's influential Transvaal branch, remains in the Cabinet. But he has been assigned the low-ranking and non-controversial portfolios of Government Administration and Statistics. In addition, one of his few Cabinet supporters has been dropped.

General Malan is one of Mr. Botha's most influential advisers and an architect of his reformist policies. His appointment to the Cabinet is evidence of the increasing role which the military has played in all spheres of South Africa's government since Mr. Botha became Prime Minister.

The inclusion of Dr. Viljoen could have important political repercussions. He is chairman of the powerful Afrikaner secret society, the Broederbond, and in the future could be in a position to challenge Dr. Treurnicht for the leadership of the National Party in the Transvaal.

Dr. Dawie de Villiers, former Springbok rugby captain and now South Africa's ambassador in London, has been brought into the Cabinet as Minister of Industry.

The Cabinet changes follow the nomination by the National Party caucus yesterday of its candidate for the new post of Vice-President. This office is being created as part of the Government's proposed new constitution. The Vice-President will be chairman of the President's Council, an advisory body which will include whites, Coloureds and Asians.

The National Party's nominee for Vice-President is Mr. Alwyn Schlebusch, the Interior Minister and chairman of the committee which drafted the new constitution. Mr. Schlebusch is votes in Parliament, which certain to obtain a majority of meets early in October.

Mobil buys TransOcean

BY DAVID LASCELLES IN NEW YORK

MOBIL OIL was yesterday officially declared the winner in the bidding for TransOcean Oil, the choice oil and gas company, with an offer of $740.1m (£311m). It had been unofficially reported earlier that Mobil had come out ahead in the auction, which had attracted spirited bidding from large oil companies on both sides of the Atlantic.

TransOcean is a subsidiary of Vickers Energy Corporation, itself owned by Esmark, a diversified engineering and consumer goods group

Esmark also confirmed yesterday that it had sold Vickers' Doric petroleum gas processing unit for $26.5m to Petro-Lewis, a Colorado energy company that buys up energy properties for the investing public.

Combined with the $245m sale of Vickers' petroleum refining and marketing subsidiary to Total Petroleum (North America), announced last week, the proceeds from the Vickers' divestiture will net Esmark more than $1bn, making the deals one of the largest of their kind.

The deal with Mobil, under which it will acquire 20m barrels of oil and 240bn cubic feet of gas reserves, is to be structured in an unusual way so as to make it tax-free for Esmark. Mobil will make a tender offer for about 12m Esmark shares at $60 a share, and then hand the shares over to Esmark.

Esmark also retains the right to a 10 per cent interest in the profits of TransOcean's exploratory oil and gas properties.

The terms of the deal appear to place a value on Vickers' oil in the ground of about $12 a barrel, which is towards the upper end of the going rate.

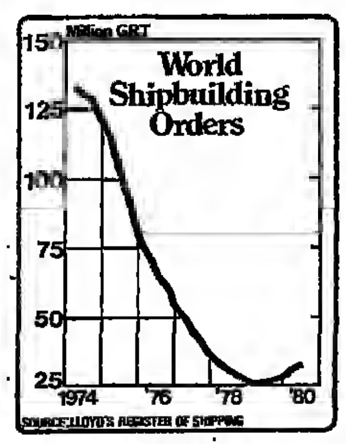
World shipbuilding recovery falters

BY OUR SHIPPING CORRESPONDENT

SIGNS that the recovery of the world shipbuilding industry is starting to falter have emerged with new statistics out yesterday. At the same time, the figures show that British Shipbuilders won more new orders in the three months to the end of June than in any three-monthly period since nationalisation in 1977.

In the April-June period British Shipbuilders won orders for 12 merchant ships totalling 250,450 gross registered tons and worth £149m. This compares with orders for only 260,000 grt in the whole of the previous 12 months and was sufficient to increase the size of British Shipbuilders' order-book by a quarter.

UK shipyards (including the private sector) were second only to South Korea in the size



of the increase, in percentage terms, in their orderbooks in the second quarter of 1980. According to figures published by Lloyd's Register of Shipping the UK orderbook increased by a third on the first three months of the year to 900,000 grt. By contrast, Japanese shipyards which account for nearly half world shipbuilding output increased their orderbooks by 7 per cent to 12m grt.

Overall, the volume of tonnage on order at the world's shipyards increased by 1.6m grt in the second quarter to 32.5m grt. This compares with the peak of 133.4m grt in the world order book for ships reached in March 1974 and the low point of 25.1m grt of March, 1979.

Since March last year it has been recovering steadily. But according to Lloyd's statistics, actual new orders in the April-June period totalled Sm grt. compared with approximately 5.4m in the first quarter.

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Marchwiel profits fall £3m

BY MICHAEL CASSELL

HEAVY LOSSES on an £11.5m road building project in Sudan have helped wipe nearly £3m off the pre-tax profits of Marchwiel, the international building and civil engineering contractors.

Marchwiel, the parent company of the Sir Alfred McAlpine group, yesterday reported profits for the six months to the end of April down from £3.42m a year before to £440,000 and said that "very serious technical and plant problems" on the Sudan contract were largely to blame.

Group turnover rose from £98.7m to £120.5m and the directors say they intend to maintain the proposed final dividend of 3.6p, making 6p for the year and repeating the 1979 payment.

Mr. R. J. McAlpine, vice-chairman of Marchwiel, would not give a precise figure on the Rohad road project although he said they accounted for most of the decline in profits. Mr. McAlpine said "substantial" losses were continuing and suggested that the proportionate drop in profits during the second half could be just as severe.

Marchwiel says it hopes losses on the Sudan job will not continue beyond the current year. The project was given an original sterling price of £17.4m when work began in 1978 but, because of currency fluctuations, is now valued at £11.5m.

The project involves construction of 160 km of roads which form part of a plan to develop a cotton-producing area. The UK contractor had budgeted to complete the scheme this month but is now expected to be on site until the end of the year.

Mr. Alpine said that the equipment used on the road project had not performed as well as expected in severe terrain and harsh climatic conditions. Serious problems had also been encountered in obtaining and processing materials for the road.

Marchwiel has almost completed work on a major sugar refining complex at Kenana in Sudan and currently has one other small contract underway there. It has also tendered for a £32.5m contract to construct three airports in the country and believes that it has submitted the lowest price. It cexepts to hear soon whether or not its bid has been successful.

In the UK, the group continues to experience difficult trading conditions and severely reduced profit margins. Mr. McAlpine said it was suffering from long delays in settlement of accounts while unusually poor weather conditions may affect the results.

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For latest Share Index phone 01-246 8026

THE CRISIS IN POLAND

Western banks take a cool view of turmoil

BY PETER MONTAGNON

POLAND'S bankers in the West have watched the developments in Gdansk and Szczecin with considerable apprehension but, so far, they have been remarkably resolute in their support for the country.

On Friday a consortium of international banks signed a credit for \$325m (£137m) to Bank Handlowy, and German banks are expected to complete a similar deal amounting to DM 1.2bn (£280m) within the next two or three weeks.

That such borrowings should have got off the ground at all is the more noteworthy since the atmosphere for Eastern European borrowers in the Euromarkets has been chilly since the Soviet invasion of Afghanistan last winter. U.S. banks have been particularly reluctant for political reasons to enter into new deals with the result that the flow of funds to a hardline Comecon country such as East Germany has all but dried up.

The amounts of both the new credits were scaled down. The German credit was originally targeted at DM 1.5bn and the international credit at some \$500m, but the total amount is larger than all Comecon Euromarket borrowings in the first half of this year which is put by the Organisation of Economic Co-operation and Development at \$877m.

It can thus be argued that Poland has come in for some preferential treatment from international banks. To some extent the reason is political. The German banks came under pressure from the Bonn Government to support the credit because of the close trade relations between the two countries and because it was in line with the more general policy of detente.

For the 11 U.S. banks in the international credit a secondary motivation might well have been the importance of the Polish vote in the U.S.

But the main consideration remains that it is in the banks' own interest to continue to extend financial support to Poland. Poland's hard currency borrowings amount to some \$20bn. This year alone its debt service requirement is some \$7.18bn, a staggering 68 per cent of projected exports.

It is clear to the banks that Poland has to continue to borrow to service its debt. If money was refused, Poland might have defaulted on existing borrowings which would have meant considerable losses for a number of major international banks.

Decisions to participate in the current loans were made in principle at very senior level in the banks concerned, before the political unrest really got under way. In the present situation the banks have little choice but to make the best of a difficult job. A number of arguments they produce in favour of lending to Poland are, nonetheless, eminently plausible.

In the first place, the banks do not expect long-term political or economic disruption to result from the present wave of strikes. There is a certain sense of *deja vu*. Even Western countries, most notably Italy in 1976, have passed through bouts of severe social unrest without their creditworthiness being impaired.

In Poland's case the damage that could be inflicted on an already fragile economy is considerable. It seems unlikely that Poland, which is predicting a hard currency trade surplus of some \$370m this year, will now meet all its economic targets, but, provided the strikes do not last too long, some lost ground could be made up, especially if the will is there.

The banks are watching the situation closely and those involved with the \$325m credit are to meet Polish Government officials in November to take stock of the situation.

Another important consideration is that East European borrowers have an impeccable record for punctual payment of debt obligations. Even if temporary cash-flow problems do arise, it is assumed that the Comecon "umbrella" would be raised to shield Poland from a rain of writs

Some Comecon countries are in a very good position to help. The Soviet Union, for example, which has not borrowed for years in the Euromarkets, had more than \$7bn on deposit with Western banks as of the end of March.

Belief in the Comecon umbrella is an act of faith for Western bankers. Thus far it has proved justified insofar as Moscow Narodny Bank came into the \$325m credit as a lead manager at the last minute.

Whether faith in Poland's creditworthiness will prove justified in the months ahead is still, however, an open question. The banks are now caught up in a political situation which few of them feel qualified to analyse. They are loath to contemplate what would happen if the strikes continue for months or if the Soviet Union decided on military intervention.

"We just hope everyone will be reasonable," one German banker said yesterday.

E. German workers pressed to raise output

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S state trade union is stepping up pressure on workers to boost productivity, despite the strikes in neighbouring Poland.

The Communist party's Free German Trade Union has been holding shop steward meetings at which pledges are being obtained to double next year's growth in production compared with recent years.

President Erich Honecker and the East German Communist leadership appear confident they are not running a risk of exhorting workers to greater production efforts. They also feel they have no choice as the economy is straining under Soviet energy and raw materials prices, which have been rising faster than the output of East German goods that can be sold internationally.

Neues Deutschland, East Germany's main party newspaper, carries a page of pledges by state trade union representatives while most of the television news is devoted to testimonials by workers who say they will over-fulfil their work norm.

One shop steward in a Karl Marx Stadt steel roling mill said that a week of "maximum output" has been set for next month, in order to prepare for next year's plan which is to increase plant output by at least 8.8 per cent

A member of the trade union committee at a brown coal mine in the *Leipzig* area said his men had promised to produce an additional 100,000 tonnes of coal which would help reduce the amount of energy which has to be imported.

He noted that one bucket excavator operator in the open cast mine had suggested that a new "performance index" be introduced to evaluate how much waste sand was contained in the excavated coal.

Another trade union representative from the Robotron Electronics factory said her workers had pledged to raise production

Despite the increased pressure on workers from the state trade union, the East German Government believes its formula of maintaining prices for basic foods, services, public transport and rents at the 1957 level will prevent any labour unrest.

This subsidised luxury, the Government argues, can only be paid for by harder and better work. Spurious or not, 11 "exemplary workers" in the East Berlin borough of Lichtenberg are reported to have inspired their fellow-workers with the slogan: "The measure of my work — Honest, Good, and More!"

Erich Honecker: undeterred by Polish events.

Cossiga to risk vote of confidence

By Rupert Cornwell in Rome

ITALY'S coalition Government is to place its survival at stake to force its major economic package into law. But the deadline of early September for the measures' approval might still not be met because of obstructionist tactics in Parliament.

A decision to make two decrees, which raise a number of taxes and provide help to hard-pressed Italian industry, a matter of confidence, if necessary, was taken at a Cabinet meeting last night.

Even if the confidence motion fails to overcome obstruction from the neo-Fascist MSI and from the Radical party, the Government has let it be known that it is prepared to present new 60-day decrees similar to those which have lapsed.

The economic stabilisation package has thus become a crucial test, not just for the survival of Sig. Francesco Cossiga's four-month-old administration of Socialists, Republicans and Christian Democrats, but also for the credibility of ministerial assertions that the lira will not be devalued.

The currency has come under sporadic pressure in recent days, and is now close to the bottom of its maximum permitted fluctuation in the European Monetary System. But the Central Bank and Economics Ministers insist that its future will be reasonably secure if the economic decrees are passed and if a Government crisis is avoided.

In any case, the economic slowdown expected to reach Italy this autumn is expected to take some of the pressure off the currency, by reducing imports and lowering inflationary pressures.

'Key figure' in heroin traffic held

By Our Rome Correspondent

ITALIAN POLICE appear to have made a major breakthrough in their battle against the Sicilian Mafia with the arrest yesterday of *Sig.* Gerlando Alberti, suspected by police of being a leading figure in the "New Mafia's" traffic in hard drugs between Sicily and the U.S.

International investigators have for some time been convinced that Sicily has now become a major centre for the production of refined heroin.

The U.S. Drug Enforcement Agency recently estimated that the island now accounts for one third of the 60-tonne annual world traffic in pure heroin. Those 20 tonnes would have a notional street value of up to £10bn.

The 53-year-old Alberti, on the run for three years, was captured at a house in the countryside some 30 km from Palermo, along with two other Italians and three Frenchmen, one of them a specialised chemist.

Police discovered an operating heroin refinery in the house, which to casual observers appeared to have been half built and then abandoned.

Investigators are now hoping that the arrest of Sig. Alberti will help throw light on the wave of recent killings of police officers, politicians and magistrates in Palermo over the last two years.

Among the victims have been Sig. Piersanti Mattarella, the Christian Democrat regional president, Sig. Boris Giuliano, the deputy police chief of Palermo, and, only three weeks ago, Sig. Gaetano Costa, the deputy public prosecutor. All three were in different ways trying to break the intricate Mafia network of interests, which police believe stretches from the drugs traffic itself to "front" construction companies and phoney bank accounts to launder income.

Carneiro fends off 'fraud' campaign by opposition parties

BY JIMMY BURNS IN LISBON

PORTUGAL'S Prime Minister, Sr. Francisco Sa Carneiro, appears to have survived, if only temporarily the most concerted campaign by the opposition to bring down his Government since it took office in January.

The permanent committee of the National Assembly, yesterday rejected a demand from the Socialist and Communist parties that Parliament should be recalled from summer recess for an emergency debate on the Prime Minister's business activities during the period immediately after the 1974 revolution. Both parties have threatened censure motions against the Centre-Right Government.

In a broadcast earlier this month, Sr. Sa Carneiro vigorously denied claims which, he said, amounted to allegations of fraud. He stressed that he owed nothing to the nationalised banking system and that his dealings with it had always taken place within strict legal limits.

But the Prime Minister's reluctance to answer the details of the allegations has resulted in renewed pressure from the main opposition parties and left-wing officers of the constitutional watchdog—the Military Council of the Revolution—for the matter to be debated publicly. The opposition has also called on Sr. Sa Carneiro to resign.

But what amounts to a campaign to turn the personal integrity of the Prime Minister into a major issue received a setback when the opposition request to the assembly's permanent committee was defeated by one vote (16-15).

Sr. Pedro Roseta, parliamentary spokesman of the Prime Minister's Social Democrat party said afterwards that Sr. S. Carneiro would give a detailed account of his banking activities after the general election. The Prime Minister is suing for libel the Communist newspaper that first published the allegations against him, but Portugal's courts are closed until October.

Sr. Sa Carneiro: a one-vote victory.

Both the Socialist and Communist parties have indicated that they will repeat the allegations during the electoral campaign and have accused the Prime Minister of a cover-up.

But the scope and scale of the controversy has effectively been reduced by the opposition's failure in the assembly committee's vote. The public's only remaining point of reference for the allegations is the Communist newspaper which has a restricted readership.

The campaign against the Prime Minister would have made a greater impact, beyond mere party boundaries, had demands for a full parliamentary inquiry been approved.

Bonn's coal-gasification study nears completion

BY KEVIN DONE IN FRANKFURT

FEASIBILITY STUDIES for West Germany's first coal-gasification plants of commercial scale will be completed by the end of the year, according to the Federal Research and Technology Ministry.

Plans for the first coal-liquefaction plants will follow about nine months later.

The plants form part of a DM 13bn (£3bn) coal-refining programme sponsored by the West German Government and regarded as the corner-stone of West Germany's attempt to gain a major share of a world market for coal-refining technology which could be worth billions of pounds by the late 1980s.

But Herr Volker Hauff, the Research Minister stressed that liquefaction and gasification plants would still be providing only a small proportion of West Germany's energy supplies even by the end of the decade.

Oil and gas products derived from coal would meet only about 3 per cent of oil and gas demand by 1990, he said.

The Research Ministry is studying 14 coal-refining projects, which would altogether cost more than DM 13bn to build.

It is not clear how the programme will be financed. Herr Hauff said that the Government was still considering various forms of support from direct grants to equity participation.

Nine pilot plants are already working or are under construction in West Germany.

The Minister emphasised that the construction programme planned for the 1980s would enable West German makers of process plant to perfect coal-refining technology. This would be attractive for countries with large coal reserves

The West German Government is trying also to promote the use of coal in district heating systems to replace part of the 24m tonnes of heating oil used in the country each year. But electricity could be more cheaply produced in large-scale nuclear power stations, Herr Hauff said.

To expand West German coal production from last year's 87.2m tonnes to 100m tonnes the year 2000 will require investment of around DM 8bn in new mines and further exploration and development, he said. Higher production levels would also need increased foreign labour.

Staggered increase for Swiss mortgage rates

BY JOHN WICKS IN ZURICH

A STAGGERED increase in the Swiss mortgage rate has been recommended by the Swiss Bankers' Association following postponement of plans to raise the rate in June.

The National Bank, which opposed the move in June, has now welcomed a rise in mortgage and savings rates in view of changed capital-market conditions.

New mortgages and all mortgages on commercial and industrial premises are likely to be raised on October 1. Interest on existing mortgages and on all agricultural mortgages will go up on March 1 next year at the earliest.

According to a joint statement by the bankers' association and the National Bank, the mortgage increase should not exceed that on savings accounts. It is expected that this will be at least half a percentage point and will be introduced on December 1 at the earliest.

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EUROPEAN NEWS

DUTCH AID TO YUGOSLAVIA

Investment as thank you for migrant workers

BY ALEKSANDR LEBL IN BELGRADE

THE NETHERLANDS is investing considerable suma in Yugoslavia to spur employment there. The policy has been adopted to compensate Yugoslavia for its provision of education, health protection, child welfare and other benefits to workers who have since gone to work in Holland. The policy is also intended to provide an incentive for Yugoslav workers already working in the Netherlands to return home to ease the employment problems of the host country.

Yugoslavia would like similar schemes to be established in other countries employing larger numbers of Yugoslav workers and believes such schemes should include other labour-exporting countries.

Two different programmes have been in operation for some time between Yugoslavia and the Netherlands and a third is expected to start soon. The first was arranged on a Government-to-Government basis and started in 1977. An agreement "on technical co-operation aiming at the creation of conditiona for the promotion of employment in economically underdeveloped areas of Yugoslavia" was signed.

At first, the Dutch wanted to give grants for specific projects but the Yugoslavs objected to such projects receiving money which they need not repay because that would give them a competitive edge over others. It was decided that both Governments would aelect projects but that the loans would have to be repaid and the money would then be used for further projects.

The Dutch Government gave a grant of Fl 6m (£1.3m) as a first slice and that was used for the construction of a timber factory at Rozzaj, in Kosovo autonomous province, the least developed region of Yugoslavia, and an enamel factory at Struga in Macedonia, one of the three underdeveloped constituent republics.

Another Fl 6m was promised by the Dutch but the Yugoslav side was slow in submitting proposals. Now it has proposed four projects and the Dutch side will shortly pick thoae to be financed. A joint evaluation committee has yet to meet to conaider the results of the first two projects.

The second scheme is operated by the Dutch Government alone. Under it, Yugoslav workers in Holland—as well as workers from other countries—who return home may get up to Fl 100,000 part grant and part credit to atart a business in their own country. So far 15 Yugoslava have received payments and another eight applications are being conaidered.

In a typical case an applicant submitted a project worth Fl 116,000, of which he already had Fl 34,000. He was given Fl 22,000 with a loan of Fl 60,000 at 3 per cent for five years with a one-year grace period. In both Yugoslavia and Holland thia is considered much better than the French scheme for paying foreign workers who go home and promise not to return to France a lump sum of Frs10,000 (about £1,000).

A third scheme which is to start before the end of the year will provide for education of returning Yugoslav workers at the expense of the Dutch Government, either in the Netherlanda or Yugoslavia.

Mr. Mitsotakis: time is running out.

U.S. warned over bases in Greece

By Our Athens Correspondent

THE GREEK Government has warned Washington that unless Greece returns to the military wing of the North Atlantic Treaty Organiaation soon the future of U.S. military bases in that country may be in jeopardy.

Mr. Constantine Mitsotakis, Foreign Minister, has denied that a deadline has been set for the negotiations for reentry to NATO's integrated military structure. But he confirmed that the time during which Greece's application could remain pending was limited.

Mr. Mitsotakis said he had underlined this to Mr. Edmund Muskie, the U.S. Secretary of State, during the NATO Ministerial council in Ankara in June.

The Greek Government's haste to settle the NATO issue may stem from the fact that the next general elections in Greece—due in November next year but likely to be brought forward to the spring—could change the strength of the political parties. A recent opinion poll showed that the popularity of the ruling New Democracy party is on the decline.

The poll showed that the Panhellenic Socialist Movement of Mr. Andreas Panandreou would probably make sufficient inroads to create a situation where no single party would have the strength to form a new Government on its own. If the Moscow-like Greek Communist party supports Mr. Papandreou in Parliament, he could become the next Prime Minister.

Although he has gained considerable ground through his anti-American and anti-NATO stand, Mr. Papandreou said recently that he would be unable to sever links with NATO abruptly or to shut down the bases should agreements be in force when he takes over. It would have to be a gradual process.

To press the U.S. State Department, which it believes has the power to curb Turkey's veto on Greece's unconditional return to NATO, the Government has adopted a tougher stand over the future operation of U.S. military installations in Greece. It repeatedly stresses that continued operation of these bases, which come under the NATO umbrella, will be unacceptable if Greece remains outside the Alliance much longer.

In addition to returning to NATO, from which they withdrew in August 1974 in reaction against the Turkish invasion of Cyprus, the Greeks also want assurances that U.S. military aid to Turkey will not be of a volume to upset the military balance of power in the Aegean region.

Record year for tourism expected by Belgrade

BY OUR BELGRADE CORRESPONDENT

THE NUMBER of foreign visitors to Yugoslavia is expected to be 10 per cent higher this year than last year and they will spend about 20 per cent more.

Officially registered gross earnings from tourism should amount to $1.3bn (£549m), but actual spending by foreign tourists could be as high as a record $1.9bn. This is because the official estimates take no account of foreign exchange that tourists pay directly to hotels and restaurants and that ends in private foreign exchange accounts at Yugoslav banks. Yugoslav dinars exchanged abroad by Yugoslavs and resold to foreign tourists are also not included in the official reckoning.

One cloud in the otherwise bright sky has been a drop in visitors from Britain. In the first six months of this year, there were 1 per cent fewer Britons than in the same period last year (124,249, compared to 125,061) and they spent 10 per cent fewer nights in the country.

Possible explanations are that Yugolalav advertising in Britain was inadequate last year and that after major increases in the last two years — a 60 per cent increase in nights spent in 1978 and a 20 per cent increase in 1979 — it was unrealistic to expect the trend to continue.

In the first half of 1980, Yugoslavs have travelled abroad less. With higher gross earnings from tourism, this could help significantly in maintaining the country's invisible earnings which have been crucial to efforts to reduce the balance of payments deficit.

Remittances from Yugoslavs working abroad have fluctuated. In February and again recently, there have been rumours that the $7.5bn in foreign exchange held by individual Yugoslavs at banks at home was to be converted into local currency. In February, $500m was withdrawn in a few days and has only slowly been re-deposited, even though interest rates in Yugoslavia have been higher than those available in most foreign countries.

The Minister of Finance has emphatically denied that the Government is contemplating a move against foreign currency deposits but rumours persist.

Yugoslavia's agricultural production will also be very good this year. The total wheat harvest was 5.1m tonnes. But because the area under wheat has been reduced, Yugoslavia will still have to draw on foreign exchange to import several hundred thousand tonnes of wheat this year.

Recent rains have helped raise the yield of maize to 10m tonnes, and prospects for sunflowers and augar beet are promising.

AMERICAN NEWS

'IMPRECISION' DELIGHTS CARTER CAMP

An oriental banana skin for Reagan

BY DAVID BUCHAN IN WASHINGTON

THE FIRST PHASE of the election campaign is shaping up a little better for President Jimmy Carter than his White House strategists dared hope a couple of weeks ago.

Mr. Ronald Reagan, the Republican challenger, first slipped a few notches in his lead in the opinion polls and has now skidded on the political banana skin of relations with Taiwan and China. Senator Edward Kennedy gave the President's economic plans some public support on the same day this week that his former deputy campaign manager, Mr. Patrick Lucey, joined the independent ticket of Mr. John Anderson with bitter words about Mr. Carter. While, the Senate investigation of his brother Billy's Libyan links seems to be grinding to an anti-climax.

Mr. Reagan's backtracking over Taiwan has had the Administration rubbing its hands in glee, feeling that the Republican has made the point—better than his opponents could have—that he is out of date and confused about the complexities of modern diplomacy. After his running mate, Mr. George Bush, had received an apparent roasting from Chinese leaders in Peking, Mr. Reagan was forced to concede ruefully that he would not change the present level of relations with Taiwan.

Under the Taiwan Relations Act of 1979, the U.S. has ties only with "the people of Taiwan" through ostensibly "unofficial" institutes, not embasaies, in Taipei and Washington. Breaking formal links with Taiwan was the price Peking demanded for full diplomatic relations with Washington, and the Chinese leadership made it very clear to the hapless Mr. Bush—who must have known this full well from his 1974-75 post as head of mission in Peking for Preaideot Gerald Ford's Administration—that it would not accept Mr. Reagan's Administration reintroduction of a "two Chinas" policy.

Mr. Reagan (right) and his running-mate Mr. Bush clarify their China policy.

Mr. Reagan got himself into this mess earlier this month by explicitly calling for official government-to-government ties with Taiwan after his aides had made it known at the July party convention in Detroit that Mr. Reagan would "not turn the clock back" on U.S.-China policy.

But Mr. Carter's Administration greased the skin of the banana Mr. Reagan trod on. Just before Mr. Bush left for the Far East, the State Department briefed Chinese journaliats on the theme that the Republicans were aeeking a "Two Chinas" policy, ensuring that Mr. Bush arrived in Peking to a front-page denunciation in the People's Daily.

In terms of domestic constituencies—dangerous for presidential candidates to alienate—American Chinese are insignificant compared with, for instance, the U.S. Jewish community. Chinese emigrants to the U.S. come from China, Taiwan and Hong Kong, and all are fairly apolitical. Mr. Reagan's aides are, therefore, probably right in claiming that the whole affair will pass largely unnoticed in the U.S. except among conservatives, who will feel Mr. Reagan made a valiant gesture towards a Taiwan "betrayed" by Mr. Carter's Administration.

Substance aside, Mr. Reagan's confused manner in the affair does damage to his image. Mr. Richard Allen, his foreign policy adviser, tried to gloss it over by saying: "In the course of a campaign one may not alwaya be as precise as one wants to be." The Press will now be watching for future "imprecisions." So will Mr. Carter, who wants to get on with the business of debating with Mr. Reagan, and Mr. Reagan alone, on television.

It was highly helpful to the Administration that, on Monday, Senator Kennedy met Mr. Carter at the White House for a preview of the President's economic renewal programme, due to be announced tomorrow, and a discussion of the role the Senator could play in the Demcratic campaign.

The meeting was apparently much warmer than previous encounters, and Senator Kennedy emerged saying the President's chances of re-election were "increasingly better every day," although he said he made recommendations as to how the job creation element of the economic programme could be improved. Mr. Carter is believed to be considering some $5bn in public spending to re-train workers in the depressed car, steel and construction sectors, as well as a $25bn tax cut in 1981.

Mr. Carter sorely needs to stop pro-Kennedy Democrats abstaning in the November election or, equally bad, following Mr. Patrick Lucey into the independent camp. Mr. Lucey had some stinging criticism of the President when he announced on Monday he had accepted Mr. John Anderson's invitation to be his running mate. Even before his nomination, opinion polls showed that Mr. Anderson was drawing up to eight times as much support from Mr. Carter as from Mr. Reagan.

Before selecting Mr. Lucey, Mr. Anderson had considered prising loose other, better-known Democrats still in elected office, such as Mr. Hugh Carey, Governor of New York, Mr. Richard Lamm, Governor of Colorado, and Mr. Kevin White, Mayor of Boston. None of these were ready to abandon their party and open themselves to the possible charge, come November, that by splitting the centre and left, they had helped Mr. Reagan into the Oval Office.

But Mr. Anderson's campaign claims, with some evidence, that there are liberal Democratic senators and congressmen running for re-election who privately want to see liberal voters attracted to the polling booth in November by an Anderson candidacy, but who would otherwise abstain if their only other plausible choice were Mr. Carter.

Return of Taiwan 'a major task' for China

By Tony Walker in Peking

CHINESE ANGER over the idea that a U.S. Republican Administration might upgrade relations with Taiwan is a reminder, if a reminder is needed, that Peking remains deadly serious about retrieving what it describes as the Province of Taiwan.

While Chinese rhetoric against Taiwan has softened and the bombardment of propaganda leaflets against the offshore island of Quemoy has ceased, China still invests enormous diplomatic effort in its ultimate goal—the reunification of Taiwan with the mainland.

Mr. Deng Xiaoping, the senior Vice-Premier, reminded leading officials in a speech on January 16 of three great tasks confronting China: opposition to Soviet expansionism, the return of Taiwan, and economic reconstruction.

Mr. Deng said: "We must strive to attain this target (reunification with Taiwan) in the 1980s and, even though there may be twists and turns of various kinds, it is constantly a major task on our agenda."

He then went on to link China's successful modernisation with the return of Taiwan. He said that if China's economy developed, "our strength for accomplishing unification will be different from what it is now."

China has forsaken all suggestions that it would use military means to secure reunification. It is now playing an altogether more subtle game. Gone is talk of liberation. In its place is frequent reference to the desire of people in both countries for reunification.

Oil prices blamed in UN speech for inflation and slow development

Muskie urges OPEC to raise aid

BY OUR UN CORRESPONDENT

MR. EDMUND MUSKIE, U.S. Secretary of State, said the oil-exporting countries bore a unique responsibility for current world economic problems. In a speech to the UN General Assembly be appealed to them to adopt stable price and supply policies "to avoid further trauma."

Oil-exporting countries had to increase their foreign aid and recycle more of their surpluses directly to developing countries, he told the 153-nation hody, oow holding a special session on Third World development problems.

The oil exporters should join consumer nations in working out rational global energy arangements, Mr. Muskie said.

The developing countries have been reluctant to criticise members of the Organisation of Petroleum Exporting Countries in public for their predicament, but Mr. Muskie said bluntly that rising oil prices "have been a ponderous drag on development and growth, and a major cause of inflation."

He reminded oil-importing Third World countries that their oil bill this year would be almost double tbe foreign aid received from all aources.

Alluding to the latest statement hy the developing countries' Group of 77 which blamed the industrialised nations for their economic prohlems, Mr. Muskie observed that the developed nations of the Communist world also had global responsibilities.

He urged the Soviet hloc to increase its aid to third world countries, to increase unconditional purchases of the developing countries' products, and to co-operate in international efforts to stabilise commodity markets.

Mr. Edmund Muskie . . . prices plea

President Ziaur Rahman of Bangladesh, first speaker in the debate yesterday, appealed to OPEC to cut the price of oil to the least developed countries by half. He also suggested the creation of an international consortium to develop these nations' eoergy resources.

There should also be a "massive transfer of resources from the North to the South through taxation on international trade and arms expenditure," he said.

AP adds from New York: Mr. Michael Manley, the Jamaican Prime Minister, criticised the Interoational Monetary Fund for its policies oo capital and interest rates, saying 18 per cent interest rates "bordered on madoess."

At least $3bn (£1.3bn) was needed annually on top of all present aid given to underdeveloped countries, he told a conference here. He criticised as "tragic" the Third World countries' $4.5hn annual expenditure on arms.

Peru brings in wage and price rises

BY DOREEN GILLESPIE IN LIMA

THE GOVERNMENT in Peru has decreed a hlanket wage increase as the first step of its wage and prices indexing programme which Dr. Manuel Ulloa, Premier and Finance Minister, says will gradually restore purcbasing power eroded hy severe inflation over the last five years.

Dr. Ulloa is to outline the Government's five-year economic plan in the Senate today, but civil servants who have beeo holding strikes for the last few months—starting before the end of the military regime on July 28—are getting 18 per cent pay increases. They are also to receive a monthly cost-of-living honus equivalent to about £11 (Soles 8,000).

Employers and workers in the private sector are alao to receive the cost-of-living honus, althougb further increases are oegotiahle. The minimum wage has also heen raised by 15 per cent.

The first government-decreed price increases have come into effect with a 15 per cent ris in electricity rates for Electroperu, the state electricity company, which is running at a loas, and a 47 per cent increase in sugar prices, which are heavily subsidised hy the state.

Dr. Ulloa said that there would not he the traditional package of price increaaes which the military government established, although petrol prices are expected to rise gradually.

President Fernando Belaunde's Premier has already said that projected inflation this year ia again expected to he above 60 per cent, although the former military regime had heen forecasting 40 per cent for 1980.

It is hoped that the increases will settle disputes in small and medium-size mines, where companies say a month-long strike is causing the country losses of $175,000 a day.

Pilots challenge FAA jet ruling

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Federal Aviation Administration yesterday certified the airworthiness of the DC-9-80, a new McDonnell Douglas jet, to he flown hy a two-pilot crew, and ran intn criticism from the Airline Pilots' Association which wants the jets operated hy a *crew of three.*

"All tbe tests have heen completed and everything seems to be in order," Mr. Langhorne Bond, the FAA chief, said yesterday nf the certification order. But ALPA, tbe pilots' association, with 33,000 members, cballenged the FAA's cerification methods in a court *suit filed yesterday.*

Certification of the "Super 80" aircraft was delayed by two accidents earlier this year which damaged two of the test jets. Entry into service of the aircraft is important to McDonnell Douglas, whicb also makes the DC-10 models that were grounded last summer after one crashed at Chicago.

ALPA, which is concerned about jobs for its members, says it is also concerned that safety might be compromised in the aircraft without a three-man cockpit crew. An ALPA official complained yesterday to a Senate committee that the FAA and other Government agencies had undertaken insufficient researcb into the buman causes of accidents.

Mr. Jack Howell, who heads ALPA's aafety division, said that human factors were responsible for 60-90 per cent of accidents, and the question of crew work-load needed more study.

The pilnts' association is concerned that the "Super 80" decision might set a precedent for FAA rulings on the Boeing 757 and 767 jets in the next couple of years.

Bolivia to expel journalist

LA PAZ—BOLIVIA'S military government has confirmed the arrest of Mr. Albert Brun, Lima-based correspondent of Agence France Presse, and said he would be expelled from the country.

Sen. Daniel Salamanca, Under-Secretary of the Interior, made the announcement on state-owned television.

He charged that Mr. Brun, who was arrested at a La Paz botel on Monday, bad transmitted "false" reports and would he expelled "ignominiously." He did not elaborate.

The French embassy said the correspondent, a French national, was taken from the Sheraton Hotel hy seven men in civilian clothes and hrought to the Ministry of the Interior.

The embassy said the men took away a teleprinter that the news agency was using to transmit despatches from the botel.

Mr. Brun arrived in La Paz last week, bnt bad been sharply criticised hy the government for his report of the July 17 conp that toppled President Lidia Gueiler.

The news agency began working from the hotel after its transmitting facilities were destroyed by the new right-wing military. At least 30 journalists have heen arrested, although most have hecn freed shortly afterwards.

Miss Mary Helen Spooner, 28, a Financial Times correspondent, spent six days in a cupboard al Sen. Lnis Arce Gomez's interior ministry, after being accused of defaming Bolivia.

Mr. Brun is 60. He was born in Spanish Morocco.

AP

Output targets for cars lowered

DETROIT—U.S. auto makers bave set conservative production schedules to the end of the year because they expect only a modest improvement in the present lack-lustre sales figures.

The output plans meao that industry strategists, despite optimistic pronouncements that introduction of 1981 models will push the market into ao autumn recovery expect a weak model-year launch.

As a result, auto makers are planning assemhlies for the fourth quarter nearly 6 per cent helow weak levels in the previous year, and are setting September schedules more than 9 *per cent below the same* period last year.

As expected, U.S. auto makers intend to turn out as many as possible of the smaller, more fuel-efficient models to he introduced this autumn.

Auto companies plan to build about 1.7m cars in the U.S. in the fourth quarter, down from nearly 1.9m a year earlier. Production could be trimmed further if sales do not improve

New cars normally hoost sales. This year, however, production planners are hetting that bigh interest rates, general weakness in the ecoaomy, and a shortage of the small cars increasingly demanded by the market *will make any sales* improvement slight.

General Motors' sharp drop from the previous year's schedules reflects the careful approach used by the car makers this year to determine output plans. GM's tentative plans could change soon after executives review the numbers.

GM's expected reduction in assemblies from the final quarter more than outweighs the year-to-year increases projected by Ford Motor and Chrysler, hoth of which are counting on hrisk sales of their new front-wheel-drive models to help hoost overall production.

AP-DJ

Strikers shut big Argentinian steel plant

BUENOS AIRES—Workers protesting against the reduction of overnight-shift wage differentials shut down one of Argentina's largest steel plants.

The atrike hy 1,200 employees at Gurmendi's plant in suburban Avellaneda reflects the prohlems connected with Argentina's anti-inflation programme, which has thrown the economy into recession.

Gurmendi, a major private steel company, laid off 600 workers at the plant after reporting operating losses equivalent to $10m in the first quarter of this year, compared with profits last year. The company blamed cheap foreign steel.

The Government has supported the peso at an artificially high rate to make imports cheaper and force local manufacturers to produce more efficiently.

AP

UAE may cut oil output —Minister

THE UNITED Arab Emirates will reduce oil output if pressure builds up for a cut in prices, Mr. Mana Said Al-Oteiba, Oil Minister, told the UAE newspaper Al-Bayan, Reuter reports from Abu Dhabi.

The world market was "soft" at present because of surplus supply, but this would oot last, Mr. Al-Oteiba added. The UAE has already announced a cut of 80,000 barrels a day from 1.7m, from August 1.

Oman's crude oil exports rose to 9.18m barrels in July from 7.67m in June, the oil company Petroleum Development of Oman said. AP adds from Muscat. July exports averaged 296,000 b/d, aod the Sultanate plans to raise this to 350,000 h/d hy the end of the year.

Iran executes 10

Ten people convicted of taking part in an alleged coup plot last month were executed in the central Iranian city of Isfahan yesterday the state radio said, Reuter *reports from Tehran.* This brings to 74 the number of those sent hefore firing squads in connection with the plot. Court officials say more than 300 people were arrested. Ayatollah Khomeini has called for death sentences on all *those involved.*

Mr. Nasser Minachi, Iran's moderate National Guidance (Information) Minister, has offered his resignation to President Abol Hassan Bani-Sadr, the official Pars news agency said. Mr. Minachi had had no prospect of heing included in the new Cabinet, now heing formed, a spokesman for the President said.

India oil talks

Indian officials have hegun preliminary discussions with representatives of major oil companies within two weeks of announcing a new policy inviting foreign co-operation in India's crude oil exploration, according to the Asian Wall Street Journal, AP-DJ reports from New Delhi. Two officials of British Petroleum (BP) have visited New Delhi to outline the company's capabilities in offshore and land exploration, and other oil concerns have made inquiries through representatives in India. Indian officials say they are encouraged by the swift response.

Curfews relaxed

Curfews were relaxed yesterday in three of the five north Indian towns where clashes between Moslems and police earlier this month claimed 155 lives, the Press Trust of India said, Reuter reports from New Delhi. No violence has heen reported anywhere in the northern state of Uttar Pradesh in the past 24 hours. Police and para-military forces are continuing round-the-clock vigils in the riot-affected areas as a precautionary measure. Annual college examinations in Moradahad, where the violence began after pigs, regarded as unclean hy Moslems, were reportedly sighted near a mosque, have heen postponed indefinitely.

Sydney dock peace

Sydney dockers who have been on strike for nine days decided at a mass meeting yesterday to return to work from this morning, a Waterside Workers' Federation official said, Reuter reports. The dispute, over work rosters, halted all cargo shipping movements in the port. The men had authorised union officials to take further industrial action if talks aimed at settling the dispute failed, the official added.

China's finance minister loses post in reshuffle

BY OUR FOREIGN STAFF

A MAJOR reshuffle of the Chinese Communist leadership *began yesterday,* with Ministers of Finance and Agriculture being relieved of their posts.

News of the changes came after a meeting of the party Executive as more than 3,000 provincial representatives gather in Peking for the National People's Congress (NPC), China's equivalent of a Parliament, which convenes this Saturday.

Numerous other importaot changes are expected in the days ahead, all of them indica*tive of ao attempt to invigorate* the leadership with younger, more expert men committed to Senior Vice-Premier Deng Xiaoping's policy of modernisation.

The two men to he relieved are Wu Bo, Finance Minister, and Wang Renzhong, head of the Agriculture Commission. No recriminations are linked with either replacement. Wu Bo ia probably retiring because of old age, while Wang has taken over the important portfolio for propaganda.

The week ahead is likely to be a momentous one in Chinese poltics. Numerous prominent leaders, including Chairman Hua and Deng Xiaoping are likely to give up some of their posts. "Far-reaching" reforms are promised, and plans for try*ing the disgraced* "Gang of Four may he unveiled.

The legislation to be introduced at the NPC aession, which will last two weeks, will include a natiooality law, a marriage law and a law introducing income tax for individuals and joint venture companies involving foreign capital.

The congress will also approve a change in the constitutioo abolishing the right of Chinese citizens to paste up the so-called "Big Character" posters such as those placed on the now banned Democracy Wall.

The economic accounts for this year and next year are expected to be announced on the first day of the Congress on Saturday.

Reuter adds from Peking: Mr. Leonard Woodcock, U.S. Ambassador to China, was called to the Foreign Ministry in Peking yesterday, evidently in connection with recent statements on Taiwan by Mr. Ronald Reagan, the U.S. Republican Presidential candidate.

Pretoria moves to curb lending by SA banks

BY BERNARD SIMON IN JOHANNESBURG

WARNING that South Africa's present high growth "would he difficult to sustain," Dr. T. W. de Jongh, the Governor of the South African Reserve Bank, yesterday announced measures to restrict hank lending. He also hinted that hire purchase conditions may he tightened to slow accelerating consumer spending.

Delivering his valedictory annual address in Pretoria, Dr. de Jongh said: "It has now become *more* necessary to exercise strong financial discipline, and this applies particularly to the control of the money supply and the mopping up of excess liquidity."

Dr. de Jongh's warning comes at a time of growing concern at South Africa's stubbornly high inflation rate—now around 15 per cent—and deteriorating current account of the halance of payments. Dr. de Jongh disclosed that despite the high gold price, the current account surplus had plunged from an annualised R7.2bn (£4bn) in the first quarter of 1980 to less than R0.8bn (£430m) in the second quarter, largely because of sharply rising imports.

Dr. de Jongh said that Gross Domestic Product grew hy an annual rate of *10.1* per cent *in* real terms during the first quarter of *1980*, compared to a rise of 4 per cent during 1979. He said that the growth would he "more than" 7 per cent this year, the highest growth rate since 1974.

Dr. de Jongh said that tax

Dr. Treunis de Jongh

concessions now being implemented and higher wage settlements will further stimulate consumer spending. But he added that "the latest data indicate a growth rate which would be difficult to sustain."

As from the end of August, large banks' cash reserve requirements will be raised *from 7 per cent to 10 per cent* of their short-term liabilities. In addition, their prescribed holdings of liquid assets will be increased from 55 to 58 per cent of short-term liabilities. Similar restrictions will apply to medium-term liabilities and to smaller banks.

Move to loosen transport ties with S. Africa

By Our Salisbury Correspondent

RAILWAYS officials from five Central African countries whose trade is closely linked with South Africa, have agreed on the first practical steps to loosen their politically-embarrassing transport ties with Pretoria.

The officials from Zimbabwe, Zaire, Zambia, Mozambique and Malawi, acknowledge, however, that, for the time being at least, South Africa will continue to play a crucial role for all of them.

The officials who met for three days in Bulawayo, agreed to undertake a long-term examination of their trade outlets. The key to re-routing trade will clearly be Mozambique's ports of Nacala, Beira and Maputo, all of which, Mozambican officials say, are working at a fraction of their capacity.

In a communiqué after the meeting, the officials said Zimbabwe's rail link with the deep-water port in Maputo should now be re-opened to "limited traffic" by October—three months earlier than expected. The line had been damaged on both sides of the border during the Rhodesian war and about 50 miles of track need relaying on the Zimbabwe side.

Beira's usefulness is limited by frequent silting up of the harbour which allows only vessels of less than 25,000 tonnes to use it.

Zambia and Zaire have both given political pledges to divert copper through Mozambique's ports.

ISRAEL FRICTION WITH JORDAN LIKELY

Dead Sea canal plan goes ahead

BY DAVID LENNON IN TEL AVIV

ISRAEL is seeking investors for a $700m (£297m) project to build a canal from the Mediterranean to the Dead Sea, to generate electricity by utilising the fall of the water down to the Dead Sea.

Mr. Yitzhak Modai, the Energy Minister, said a group of husinessmen from North and South America have expressed interest in the project. Israel believes the project could realise a profit of over $1bn in the 50 years after the hydro-electric scheme hegins to operate.

Mr. Modai dismissed as unlikely political complications with Jordan, which controls half of the Dead Sea and its mineral resources, despite the fact that the project would gradually raise the level of the landlocked sea.

He also rejected complaints that routing the proposed canal through the Israeli-occupied Gaza Strip could jeopardise the Palestinian autonomy talks.

The project, approved in principle hy the Government this week, is expected to take eight years to complete. Once in operation, it should provide 600 megawatts of electricity a year—roughly 15 per cent of Israel's need by the beginning of the 1990's.

Originally envisaged at the turn of the century, the canal project has hecome feasible hecause of the fuel price spiral, according to Prof. Yuval Ne'eman, chairman of the public steering committee whose recommendations for government and private financing have been adopted by the Cabinet.

The Government has also accepted the route proposed by the committee, thus ending years of debate. The canal will run across the Negev Desert just south of Beersheba and enter the Dead Sea south of Masada.

Rami Khouri adds from Amman: Jordan has rejected the Israeli Cabinet's announcement earlier this week of plans to build the canal. According to Mr. Ali Ensour, Jordan's Industry Minister, a unilateral Israeli Canal-building project "would violate accepted international conventions requiring all countries bordering on a water body to agree to any new schemes affecting its character and use.

Business as usual, despite the vision of 'Thailand Inc'

BY DAVID BUTLER IN BANGKOK

BANGKOK IS the only city where, if it's August and there are no coup rumours, that's news.

This particularly arises from mandatory retirements in the armed forces every October 1, and a consequent reshuffling in the upper echelons. Starting in 1975, ao irregular cbaoge of government or a coup took place each October for three years running. This political instability, as well as severe inequalities in the distribution of wealth, are the main restraints on more active multinational investment in Thailand's impressively steady growth.

Real gross national product rose by 6.5 per cent in 1979. Official and other estimates predict an almost equally good performance this year. The Japanese, the largest and by general consensus the most far-sighted foreign investors, continue to bave confidence in Thailand's prospects. Many multinationals already in Thailand plan to expand. Shell, Esso and Caltex all hope to participate in long-overdue expansion of refining capacity. Tyre manufacturers like Goodyear and Firestone have exceeded domestic demand but continue to expand. Local subsidiaries of National Semiconductor, North American Philips and Honeywell are producing integrated circuits for the U.S. market.

With a population of nearly 50m, Thailand's domestic market is among the largest in the Association of South-East Asian Nations, which links Thailand with Malaysia, Singapore, Indonesia and the Philippines. (Indonesia's population is three times as great, but the two countries' purchasing power is roughly equal.) Bangkok is a centre for regional air traffic, with good internal communications which are rapidly improving. Thailand is one of the world's biggest agricultural exporters and, apart from tin, its extensive mineral resources are largely untapped.

Any comparison of the advantages of the five states depends on the nature of the investment. Except for projects requiring land, Singapore is the clear regional favourite. The Philippines, Indonesia and Thailand are all roughly comparable by many measurements, running from national purchasing power to the ability of their hureaucracies to make life frustrating.

Yet foreign *investment* is running at less than balf the early 1970s level. Student-led demonstrations at that time against foreign participation in tin mining, and against Japanese investment in general, scared away tbe major mineral-dependeot multi-nationals. More recently, the conflict between Thailand and Vietnam over Vietnam's occupation of Kampuchea has probably discouraged investors.

A strain of intense nationalism always lies close to the surface. But since October 1976 when Thailand reverted to a system of limited democracy firmly guided by the armed forces, student demonstrations against any target not of the Government's choosing have been out of the question. And interviews with Westero diplomats and businessmen revealed no one who considered the Vietnamese threat to Thailand's security significant.

The greater threat comes from the country's low-level hut persistent indigenous Communist insurgency, aod the deep structural inequalities it feeds on. But those problems are very long-range indeed. More *immediately,* businessmen complain of the delays and other difficulties caused by frequent changes at the top and by the lack of consistent policies among ministries and departments. To a lesser degree, they complain also of the pay-offs sometimes made to cut through the red tape.

The latest change in Government came last February, when Gen. Prem Tinsulanonda succeeded Gen. Kriangsak Chomanan as Prime Minister. Gen. Kriangsak's Government fell because of economic issues.

Gen. Prem, who bas a reputation as an extremely competent and honest soldier, has no pretences to economic expertise. But he has hroader support in the *civilian power structure* than Gen. Kriangsak did. The general population, as well as his rivals inside and outside the army, seem willing to give him plenty of time to deal with the economic problems—all of which are exacerbated by Thailand's total reliance on imported crude oil. Hence the lack of coup rumours even as October approaches.

Gen. Kriangsak yielded gracefully to Gen. Prem when it hecame clear he had lost the *confidence of the* country's elected representatives. Both he and another former military strongman are considering forming new political parties. Indeed, Thai politics, since a morning of devastating violence in October, 1976 which ended a chaotic three-year experiment with democracy, has been characterised hy a unique accommodation among the generals and the civilian politicians. "We are past the dictator stage," says an economist at the Bangkok Bank. "Our traditioo is now more democratic."

The economist was too tactful to want to be quoted as aying so, hut the clear implication was that other Association of South-East Asian Nations members—notably the Philippines aod even Indonesia—may still have to go through the same kind of violent popular upheaval which Thailand experienced.

Gen. Prem named Mr. Boonchu Rojanasthien, a dynamic, internationally minded hanker, as Deputy Premier for Economic Affairs. Two months after taking office, Mr. Boonchu announced his intention to create "Thailand, Inc." All hranches of the Government would work together to speed up projects, be said. Even areas traditionally reserved for the Government would he open to multinationala.

One main feature of Mr. Boonchn'a "*Thailand, Inc.*" proposal is his promise that "All major projects, from now on, can be sent directly to the Prime Minister's office and I shall personally see that they are acknowledged and speedily considered." Second ia his pledge that multinationals will he invited to build and run public aervices normally reserved for the state. Bnt the first promise means cutting out the Board of Investment, ond the aecond directly challenges the big, powerful state enterprises traditionally run hy the armed forces. Mr. Boonchn is taking on well-entrenched interests. He will succeed only if Gen. Prem staya in office for years.

Further, in the same month that Mr. Boonchu unveiled his vision of "Thailand, Inc.", the Government introduced tax changes designed to huild up its political capital among the middle and lower classes, at the expense of the rich. Corporate income tax jnmped from 35 to 45 per cent, while taxes on off-ahore dividends dropped from 25 to 20 per cent. The net result is that companies neither traded on the stock exchange of Thailand nor promoted hy the Board of Investment pay a total bnsiness tax of about 54 per cent. For foreign companies, the effect of the package, with its hefty increases in top-bracket personal income taxes, depends on the company's size, the number of expatriates it employs in Thailand, and whether or not it can make use alsewhere of foreign tax credits earned here.

Nevertheless, Mr. Boonchu is seen here as a proponent of rapid, major change fuelled by private enterprise. He believes that Thailand should accelerate its trend away from import-substitution and towards export-oriented industries based on relatively cheap labour and abundant natural resources.

If Mr. Boonchu had the power of a real economic czar, Thailand might become a honanza for investors. Estimates of *reserves of natural gas* in the Gulf of Thailand exceed 10 trillion (million million) cubic feet, with production from fields developed by Union Oil due to start late next year. Plans call for a "growth zone" along the 100-mile eastern seaboard from Bangkok *down to Sattahip,* where the gas pipeline will come on shore. The strip will include a free trade zone, a gas processing plant and fertiliser and petrochemical plants

But, typically, a difference of opinion exists between Mr. Boonchu and his own Industry Minister over the site for the zone's major industrial complex. Mr. Boonchu favours Rayong province, just east of Sattahip, while Gen. Chatichai Choonhavan, the Industry Minister, *wants the plants in Laem* Chabang near the beach resort of Pattaya.

"When this Government first came in, I really thought things were going to be different," one veteran foreign business-man said recently. "Now I'm afraid it's just business as usual."

The new Morris Ital.

The new 1.7 litre Morris Ital accelerates from 0-60 mph in 12.7 seconds – as fast as a BMW 316, and overtakes faster than a Mercedes 200 (independent AA test figures).

And yet it does 40 miles to the gallon* which is even better than a 1300cc Fiat 131.

It costs even less to insure than the small Renault 5TS.

Power and Performance

The 1700cc 'O' Series overhead camshaft engine with alloy cylinder head has extra bottom end torque for fewer gear changes.

The new 1300cc 'A' Plus unit with stellite faced valves, twin manifold exhaust and viscous coupled fan, has uprated top speed and acceleration but returns an incredible 45 mpg.*

Both engines feature an award-winning temperature-controlled air intake and ballasted ignition coil for better cold starting.

Peace of Mind

The new Ital's servo assisted brakes are in a failsafe dual circuit system. Anti-roll bars are standard front and rear on the saloon.

Controls are to ISO safety standards. Big rectangular halogen headlights give flat-top beams to illuminate better on dip and incorporate wrapround indicators.

Big resilient bumpers shrug off parking bumps.

An all new Acoustic Control Pack makes the Ital one of the quietest cars in its class and there is a five push button radio** to prove it.

The cloth trimmed, sculptured seats are as beautiful as they are comfortable and recline on HL and HLS models.

Strength and Durability

The Ital body has more welds per foot than most manufacturers demand.

Full underbody sealing and wax injection of sills and cross-members.

The five coats of paint are inspected and rubbed down by hand. Stoving to 125°C and new processes ensure a high gloss finish.

The Morris Ital incorporates over 120 major and detailed engineering advances to ensure reliability.

The whole car has passed merciless tests.

It has driven many thousands of high speed miles, non-stop at full power.

Undergone torturous durability tests over cobbled roads, deep potholes and high kerbs again and again. And even been driven into a 100 ton concrete block at 30 mph.

Easy on the Pocket

Main service intervals have extended to 12,000 miles.

This has been achieved with engineering developments like sliding contact breaker points and long-life plugs.

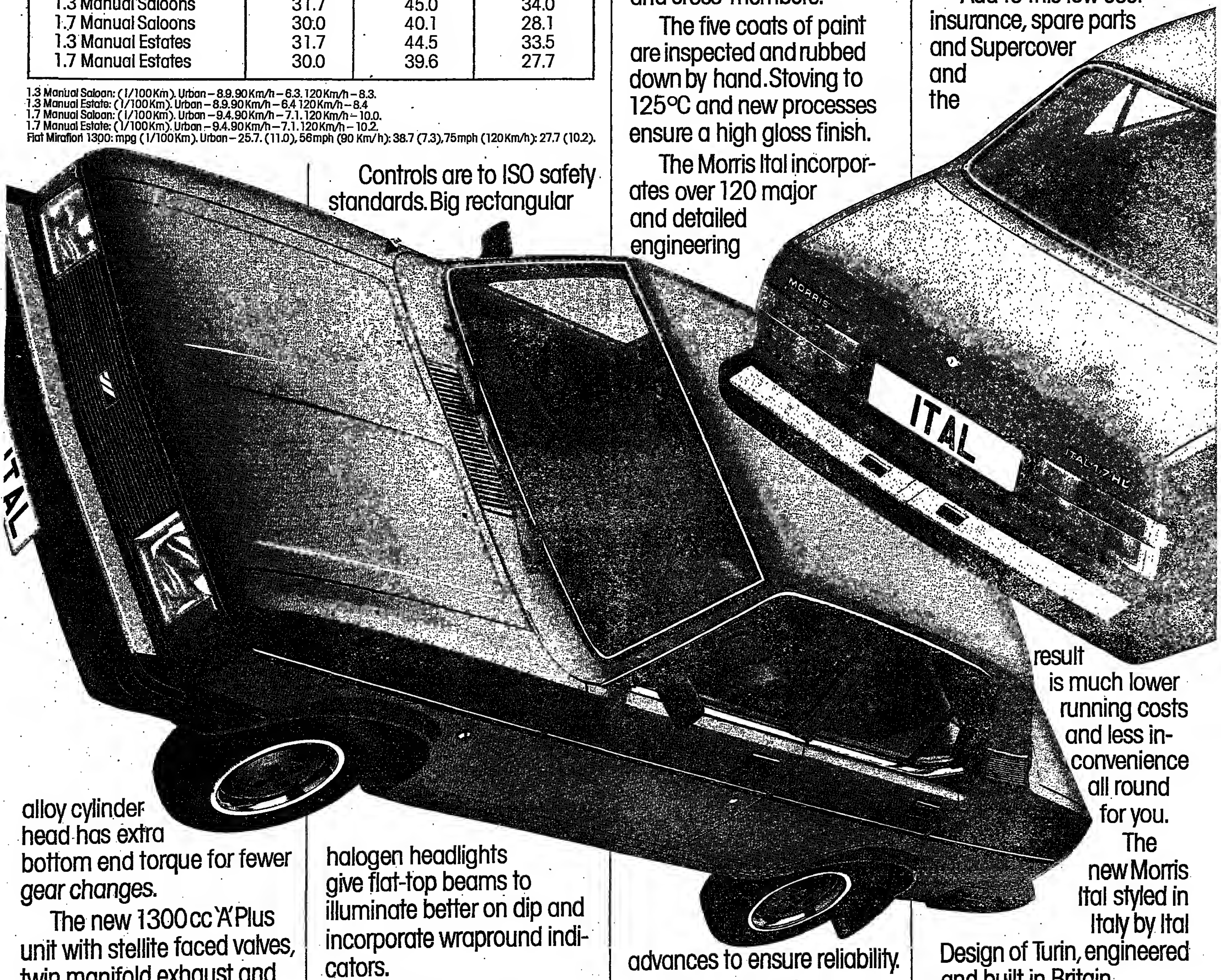
Add to this low cost insurance, spare parts and Supercover and the result is much lower running costs and less inconvenience all round for you.

The new Morris Ital styled in Italy by Ital Design of Turin, engineered and built in Britain.

All Morris Itals achieve 30 mpg in Urban Driving.

Official Government Fuel Figures.*	Urban	56 mph	75 mph
1.3 Manual Saloons	31.7	45.0	34.0
1.7 Manual Saloons	30.0	40.1	28.1
1.3 Manual Estates	31.7	44.5	33.5
1.7 Manual Estates	30.0	39.6	27.7

1.3 Manual Saloon: (l/100Km). Urban – 8.9. 90Km/h – 6.3. 120Km/h – 8.3.
1.3 Manual Estate: (l/100Km). Urban – 8.9. 90Km/h – 6.4 120Km/h – 8.4
1.7 Manual Saloon: (l/100Km). Urban – 9.4. 90Km/h – 7.1. 120Km/h – 10.0.
1.7 Manual Estate: (l/100Km). Urban – 9.4. 90Km/h – 7.1. 120Km/h – 10.2.
Fiat Mirafiori 1300: mpg (l/100Km). Urban – 25.7. (11.0), 56mph (90 Km/h): 38.7 (7.3), 75mph (120Km/h): 27.7 (10.2).



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WORLD TRADE NEWS

Egyptair cancels DC-10 contract

CAIRO—Egyptair has decided to cancel a contract with McDonnel-Douglas of the U.S. for the purchase of four DC-10 jetliners because of financial inability to cover the cost, AP-DJ reports from Cairo.

The U.S. company was informed of the Egyptian decision during a meeting in Cairo yesterday with Mr. Gamal el Nazer, the Minister of Tourism and Civil Aviation.

The financial problem was caused by a recent $200m (£84m) deal with the European Airbus Industrie consortium for purchasing three medium-range aircraft.

Egyptair decided in April last year to buy the DC-10s, which together with the three Airbuses add up to a $400m package. But the deal was frozen after a DC-10 crashed in Chicago, killing 273 persons.

Several times after that, the Egyptair board of directors voted to go through with the McDonnel-Douglas deal but their decision has been stalled.

No further details were given and Egyptian and U.S. aviation officials were not available for comment.

Alan Mackie in Cairo adds: Egypt and the U.S. signed an agreement on Sunday which should facilitate U.S. involvement in Egypt through double taxation relief. The main benefit of the agreement, however, which was 20 years in preparation, is that it will regularise the tax position of U.S. companies operating in Egypt.

Previously, this was a major stumbling block. The agreement has to be ratified by the Egyptian Parliament and the U.S. Congress before coming into operation next *January*.

Japan boosts W. German car sales

BY KEVIN DONE IN FRANKFURT

JAPANESE car makers are set to take over from the French as the leading car exporter to West Germany, West Europe's largest national car market.

Figures released yesterday show that the Japanese won 9.5 per cent of new car registrations in the Federal Republic in the first seven months of the year, compared with a share of 9.7 per cent secured by the French.

A year ago, Japanese cars were still taking only 5.1 per cent of the German market, but their major sales offensive of the past two years appears to have *guaranteed them* a share of at least 10 per cent by the end of 1980.

In the first seven months of 1980 the Japanese sold 151,398 cars, a dramatic jump from last year's total of 91,621 in the corresponding period. Their surge into the German market has been made even more pronounced because of the sharp overall fall in new car registrations in the Federal Republic.

The French, hitherto clearly the leading foreign presence, have seen their market share whittled down to 9.7 per cent compared with 10.3 per cent a year ago, while their volume sales have fallen from 184,290 to 154,644 in the first seven months of 1980. The Italian car makers have also seen their market share fall from 4.4 per cent to 4.2 per cent.

Against the general trend in the market all the major Japanese makers have increased their volume sales. Toyota nearly doubled its market share from 1.2 per cent to 2.3 per cent (sales of 36,679), while Mazda is claiming 1.7 per cent of the market, against 1.0 per cent 12 months ago, Honda 1.8 per cent (1.0 per cent) and Datsun 1.9 per cent (1.2 per cent). Mitsubishi has 1.5 per cent of the German market.

Overall new car sales in West Germany have fallen by no less than 10.9 per cent in the first seven months of 1980 to 1.59m compared with 1.79m in the corresponding period last year.

The West German Government has pronounced itself firmly against placing any selective restriction on Japanese imports, although growing redundancies in the West German motor industry and short-time working at several plants is leading to stronger pressure from the trade unions for some form of action. The Federal Government will go no further than suggesting that the Japanese should place themselves *under* voluntary restraint.

Honda launches its BL family saloon

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HONDA HAS launched in Japan its new medium-sized car, a version of which will later be produced in Britain by BL.

Honda plans to produce about 3,000 a month of the car, called the Ballade, and the company's president, Mr. Kiyoshi Kawashima, said Honda is studying when, where and how many of the new models it would export.

Under the terms of its arrangement with BL, Honda can export the car to all markets outside the EEC as it is presently constituted leaving the UK group to export *its* version, the Bounty, to Common Market countries.

The Ballade is a four-door, five-seater with front-wheel-drive powered by an 80 hp, 1,500 cc engine for which Honda claims a fuel consumption of 10.8 miles per litre.

BL is expected to bring the Bounty into production at its Cowley plant in mid-1981, initially at the rate of 40,000 to 50,000 a year but should push up output to 80,000 by 1983 or 1984.

All engines and transmissions for the Bounty will be supplied by Honda from Japan.

Meanwhile, Leyland Vehicles, BL's commercial vehicle subsidiary, has opened up another new market for double-decker buses. It has won an order for 100, worth around £5m when spares are included, from the Indonesian capital of Jakarta.

Double-deckers have been used in Hong Kong for many years but more recently other Far Eastern territories which also suffer from traffic congestion in major urban areas have started buying this type of bus.

Singapore has introduced 220 double deckers in the past three years, for example, and the success of these Leylands in operation helped Jakarta make up its mind.

Recently eight Leyland Atlanteans were handed over to the *Jakarta* transport company, supplied as part of a UK Government aid programme.

Tokyo to tighten Mid-East money ties

TOKYO—The Japanese Government believes it unnecessary at present for direct loans from Arab oil-producing countries such as Saudi Arabia, because large amounts of petrodollars are flowing into the country through private channels to improve Japan's balance of payments, Finance Ministry officials said.

A Ministry delegation's visit to the Middle East for two weeks starting next Friday will be primarily aimed at forming close contacts in case the need to borrow arises in the future, they said.

The delegation, led by Mr. Takashi Kato, the International Finance Director, will also discuss ways to recycle petrodollars to non-oil producing developing countries in its talks with the monetary authorities of these nations, the officials said.

In 1974 Japan borowed $1bn from the Saudi Arabian monetary agency (SAMA) to support its foreign exchange position following the oil crisis of 1973, but the five-year loan was repaid last October.

Hundreds of billion yen worth of petrodollars have flowed into Japan in recent months through the stock market as well as the secondary bond market, the officials said, and a large part of the petrodollar inflow is considered long-term investment.

Japan's overall balance of payments had a July surplus, amounting to $320m, for the first time since September 1978, and an active inflow of petrodollars has been continuing this month, the officials said.
Reuter

China set to build more hotels

PEKING—China has signed agreements with foreign companies for the construction of 20 hotels in various tourist centres, and talks are under way for more hotel construction with overseas investment and participation, the New China News Agency (NCNA) reported.

The hotels are needed to help overcome the shortage of accommodation which, in some places, such as Peking, has become acute.

NCNA said eight hotels with a total of 880 rooms are already in service, while six others with a total of 2,900 rooms are under construction. Work will start soon on the other six hotels with a total of 5,760 rooms, it said.

There is also a domestic hotel construction programme, under which five hotels with a total of 956 rooms have been built and another 19 with a total of 5,750 rooms are under construction.

More than 50 guest houses with a total of 10,000 beds have also been opened
Reuter

Bulgaria, Libya in truck deal

Libya and Bulgaria have set up a joint venture trucking company to try to ease *Libya's transport difficulties*, Patrick Cockburn writes. These were exacerbated last year when the Libyan leader, Colonel Muammer Gaddafi, announced that all local truck drivers were in future to own their own trucks. For a short period the police immobilised trucks whose drivers' name did not appear in the log book. The Bulgarian state trucking company is now believed to be the largest single international trucking enterprise in the world, using some 4,500 trucks on international routes.

Hungary banks in trade group

The Hungarian Foreign Trade Bank and 38 foreign trade companies have founded a foreign trade association, Reuter reports from Budapest. Members of the association, Interinvest, will contribute to ventures from *their own development funds* and share profits and risks, the official MTI news agency said. The companies' combined resources will make investments aimed at increasing the competitiveness of products and raise foreign sales.

Petromin calls for tenders

Petromin and Shell Saudi Arabia (Refining) have asked Shell Internationale Petroleum Maatschappij in The Hague to invite tenders from three international contracting consortia and their Saudi Arabian associates for the construction of a joint venture 250,000 b/d refinery at Al Jubail in the Eastern Province. The consortia invited to bid are Pullman Kellogg/Japan Gasoline/Daelim, SNAM Progetti/Foster Wheeler and Technip/Parsons/Chiyoda.

UK conference on Greece

Financial Times Reporter

A conference examining opportunities for British industry in Greece once it becomes a member of the EEC is to be held at the Confederation of British Industry's headquarters in London on October 22. The conference is being sponsored by the CBI in conjunction with the *British Overseas* Trade Board, the British-Hellenic Chamber of Commerce and the Federation of Greek Industries.

British industrial sectors most likely to benefit from Greece's entry to the EEC include computers, power generation, agricultural machinery, machine tools, contractors' machinery, food processing, effluent treatment plant, mining and metals, hospital equipment and railway equipment.

Peking offers 15% tax rate to foreign enterprises

BY TONY WALKER IN PEKING

FOREIGN enterprises operating in special economic zones established in Guangdong Province, South China, will be taxed at a rate of 15 per cent, it was announced yesterday by the standing committee of the National Peoples Congress.

The committee is meeting this week to prepare for the National Peoples' Congress (China's Parliament) which begins a two-week session at the weekend.

The low tax rate is being offered as an inducement to business *to set* up in three special zones in Guangdong. An economic zone is also being established in nearby Fujian Province, but regulations have yet to be forwarded for central Government approval.

Foreign businesses setting up in Guangdong will not pay import duties on items needed for the enterprise. Consumer goods, however, may attract duties, depending on circumstances.

No restrictions on remitting profits were mentioned in the regulations. For example, no reference was made to a withholding tax.

Businesses will be prevented from selling their product within China, unless they receive special permission. In these cases, *products will attract* Customs duties.

The special economic zones are a device by which the authorities hope to confine foreign investment to set areas, in Guangdong's case, close to Hong Kong.

During the National People's Congress over the next few weeks a tax rate for joint ventures outside the zones will be announced. That rate is expected to be about 30 per cent.

According to the standing committee, "assets, profits and other legitimate rights and interests" of businesses establishing in the economic zones will be protected under Chinese law. Land in the special zones will remain the property of China. Rents, according to the announcement, will be reasonable.

Meanwhile, the standing committee confirmed that a state energy commission had been established under Mr. Yu Qiuli, the former head of the State Planning Commission. The energy commission's task will be to oversee energy development in China, including the activities of various energy ministries.

"It is of great importance for China to strengthen energy management and exploit and utilise it rationally so as to guarantee a sustained and atable growth of the economy," Mr. Yu told the standing committee.

The main task of the new commission, he said, was to formulate energy policy.

India to cut imports of aluminium, steel

BY K. K. SHARMA IN NEW DELHI

THE INDIAN GOVERNMENT plans to slash imports of items like aluminium, steel and cement in a bid to reduce the anticipated *record trade gap* of about Rs 30bn (£1.7bn) in fiscal 1980-81, but otherwise no change is contemplated in the country's import policy.

Imports of these three items are to be cut largely because their production domestically is expected to improve as a result of the easing of infrastructure constraints that led to a fall in overall industrial production in 1979-80.

With improved power generation that followed a good monsoon, the main constraint has been overcome and production is expected to pick up swiftly. This could help trim the trade gap by improving domestic availability of these items.

It had been planned to import 155,000 tonnes of aluminium this year but this is now to be cut. Plans to import 1m tonnes of steel and 2m tonnes of cement will also be revised with the expected improvement in use of installed capacity.

The Government is concerned at the rapid rate at which the foreign exchange reserves have fallen since April. They dropped by Rs6.5bn in this period compared with a nominal Rs560m in the whole of fiscal 1979-80. The reserves have been reatored to their original position because of recent loans from the International Monetary Fund (IMF) of Rs8.2bn but the rate of decline, because of balance of payments difficulties, has not yet changed.

A major export drive is to be launched in the hope that the target of Rs71bn in 1980-81 is reached. By reducing some imports and increasing exports of some agricultural production, including foodgrain, it is hoped to hold down the depletion in *the reserves*.

● India's Public Investment Board has cleared a $2.1bn investment in Orissa State to set up an aluminum facility with French financial and technical assistance, AP-DJ reports from New Delhi.

The Orissa facility is expected to turn India from an *aluminum importer into an exporter* of the metal and alumina, the intermediate product between bauxite ore and aluminum, by the mid-1980s.

More than half the *financing* will come from France, which agreed to underwrite the project when President Valery Giscard d'Estaing visited India earlier this year. The French Government will provide nearly $435m in aid, and a consortium of French banks will invest almost $800m in the project.

Norway shipbuilder wins £39m drilling rig order

BY FAY GJESTER IN OSLO

TROSVIK, the Norwegian shipbuilding group, has booked an order worth about NKr 450m (£39m) for a new type of heavy duty semi-submersible drilling rig of its own design, the Bingo 3000. Delivery is scheduled for September, 1982.

The order has been placed by Smedvig Drilling, of Stavanger, which last week made the headlines in Norway when it secured a three-year charter for its rig "West Venture" at the exceptionally high rate of $84,000 a day.

Smedvig said yesterday that it was the "West Venture" charter which had enabled the company to place the rig order now, even without the security of a charter for the Bingo.

With oil companies increasingly interested in *northern* acreage where heavy duty rigs are needed, Smedvig should have no trouble finding work for its new unit.

BP recently invited tenders for just this type of rig, starting 1982, but Smedvig says it did not submit a tender. The longer it waits to fix the new unit, the higher rate it is likely to secure.

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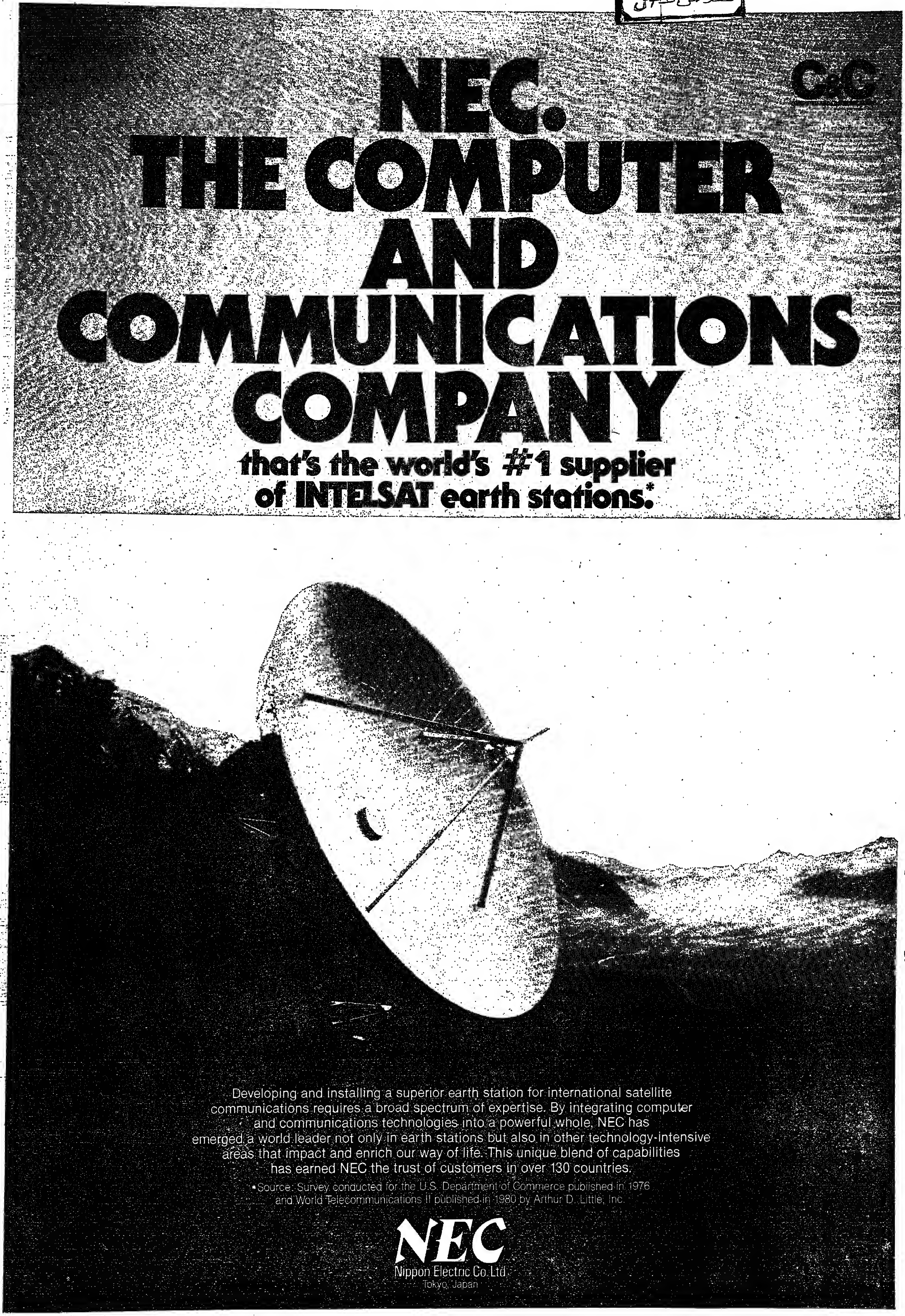
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*Source: Survey conducted for the U.S. Department of Commerce published in 1976 and World Telecommunications II published in 1980 by Arthur D. Little, Inc.
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Passenger downturn at British airports

The downturn in the number of passengers using Britain's seven main airports continued in July when the total fell to 4.6m passengers, a 2.4 per cent decrease compared with last year's figure for the same month.

The greatest decline in passengers occurred at Heathrow Airport, which lost 7.5 per cent compared with July last year. But Heathrow reported an increase on certain long-haul routes, including those to India and Pakistan, which rose by 24 per cent, Japan, which rose by 8 per cent, and Australia and New Zealand, which went up by 6 per cent.

The number of passengers handled at Gatwick Airport rose by 15 per cent, but this did not offset the fall in numbers at Heathrow and Stansted.

Westward split

Staff at Westward Television have called for a speedy end to the battle between the company's Board its deposed chairman, Mr. Peter Cadbury.

A resolution overwhelmingly passed by a meeting of non-management staff said that the employees of the company wished "to dissociate ourselves from the arguments of both factions."

Retiring teachers

More than 7,000 teachers are to leave the profession under the Government's early retirement scheme by next Christmas—more than double the number expected.

The scheme, agreed between local authorities and the main teaching unions in 1977, allows authorities to retire teachers over the age of 50.

Civil defence

THE National Committee for Civil Defence said today that the Government's plans to increase civil defence spending by £18m—a rise of 67 per cent—was not enough.

The committee questions the Government review which raises civil defence spending to £45m in 1983. It asks whether it is a real increase or "simply an inflation proofing exercise."

Planning charges

GOVERNMENT PROPOSALS to make charges for planning applications have been attacked by the London Chamber of Commerce and Industry as unfairly biased against private industry and inconsistent with government plans to cut public spending.

The proposals have also been criticised by the Town and Country Planning Association and the National Federation of Building Trades Employers.

FT seminar

MR. KLAUS SAHLGREN, executive director of the United Nations' Centre on Transnational Corporations, is to be one of the main speakers at a Financial Times seminar next month on the need for better reporting standards by multinational companies.

The seminar will take place in London on September 15 and 16 and will consider whether reporting standards should be set by the UN, or by the OECD, or the international accountancy profession.

Help for the blind

ABOUT £11m was spent last year on improving facilities for the blind, the Royal National Institute for the Blind says in its report published yesterday.

The institute received £4m in legacies alone to help the 120,000 blind people in Britain.

Benefits 'scandal'

MR. JAMES PRIOR, Employment Secretary, is being urged to end the "scandal" of benefits discrimination against the long-term unemployed.

The Child Poverty Action Group wants the Government to spend an additional £65m a year to alleviate the hardship of families of long-term unemployed, who receive lower supplementary benefits than other long-term claimants.

ITT subsidiary

INTERNATIONAL Telephone and Telegraph has set up a subsidiary in Birmingham to handle the Yellow Pages advertising contract which it won last year. The company expects eventually to employ 500 people at the subsidiary.

ITT World Directories (UK) has a nine-year contract, worth about £560m, to obtain advertisements for Yellow Pages directories in the north and west of Britain beginning 1 January 1981.

Wage investigation

THE Central Policy Review Staff—the "Think Tank"—is conducting an investigation into the efficiency of wage payment systems in the UK.

The investigation is likely to focus on the UK's large unbanked population—between 40 and 50 per cent of adults do not have a bank cheque account—and on the fact that almost 80 per cent of British manual workers are still paid weekly and in cash.

North Sea oil platform 'safe'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A SISTER ship to the Alexander L. Keilland, which capsized last March in the Norwegian sector of the North Sea, has been pronounced safe for use in the UK's Buchan field by an independent inquiry.

British Petroleum, operator and majority shareholder in Buchan, intends to move the floating production platform, called the Drill Master, from a Stornoway yard to the field in mid-September. Production from Buchan should begin in November.

BP launched two safety inquiries into Drill Master after the Alexander Kielland disaster, in which 123 men died. One was an internal review and the other an independent inquiry led by Professor Sir Hugh Ford, Pro Rector of Imperial College, London, and former head of mechanical engineering there.

Sir Hugh said yesterday he was satisfied Drill Master had a safe life far longer than its intended service in Buchan. Its general condition was good and there was no reason why it should not be moved to the field, or "floated out."

He had recommended some modifications to improve the platform's safety margin—notably the strengthening of support braces—and these had been carried out by BP.

Sir Hugh said he had received no help from the official Norwegian Government inquiry into the Alexander Kielland disaster, which has yet to publish its findings.

But he rejected the idea that the float out of Drill Master should be delayed until the Norwegian report was published. There had already been sufficient indications of the cause of the Alexander Kielland accident.

Press reports have suggested that the shearing away of one of the Alexander Kielland's five legs resulted from the drilling of a hole in a brace to allow the fitting of a hydrophone, a device used for positioning the vessel. There are no such holes on Drill Master, whose hydrophones are attached differently.

Before going out to the North Sea, the Drill Master — which is being renamed Buchan Alpha —must pass final tests at Stornoway and receive the approval of Lloyd's and the Department of Energy.

The semi-submersible vessel, built in 1973 as a drilling rig, has spent the past two years at a Stornoway yard being converted for use as the North Sea's second floating production platform.

Technical problems and labour difficulties at the yard had already put back the start of production from Buchan, originally planned for for September last year. The safety checks have meant a further delay.

The cost of converting the Drill Master is put at £75m, about three times the original estimate. This includes the safety checks and resulting structural modifications.

Buchan is one of the North Sea's smallest developed oilfields, with recoverable reserves put at between 50m and 200m barrels. There is considerable uncertainty over reservoir performance but BP expects the field to produce 50m barrels in its first four years.

● Howard Doris, one of the UK's major constructors of offshore production platforms, plans to design and build a new generation of semi-submersible drilling rigs capable of operating in deeper and more hostile North Sea waters, Mr. Albert Granville, the company's chairman, said yesterday.

He would give no details of the development, which is linked to Howard Doris' recent move into offshore exploration as part of three groups applying for seventh-round licences. The company has formed a new subsidiary, Western Isles Petroleum, to participate in the round.

Professor Ford with a model of the Drill Master

Co-op Wholesale Society shake-up planned

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A TOP-LEVEL management shake-up of the Co-operative Wholesale Society is planned to help the co-operative retail societies compete more effectively in the tough trading conditions in the High Street.

The CWS is one of the largest food manufacturing and retailing organisations in Europe and last year had sales of £1.7bn. It is wholly owned by the the 198 retail societies.

The CWS board proposes that, for the first time, a full-time chairman be appointed to work in tandem with the chief executive who until now has acted as the CWS management "supremo."

The move coincides with the retirement next month of Sir Arthur Sugden as chief executive. The board felt the growth of the CWS over the past few years, and the development of associated organisations such as the Co-operative Bank, has put too much pressure on the chief executive's job.

Instead, the board considers a management executive team should be established with the chief executive leading it "to focus management attention on the primary role of supporting retail societies in the market place and so improve co-operative market penetration."

The board argues that the chief executive's job must be to overhaul completely the CWS management structure to meet the needs of the retail societies.

The proposed full-time chairman would be responsible for making an "effective bridge" between the CWS management and the 35-man board, all of whom are part-time members. The chairman would also be encouraged to improve relations between the CWS and the retail societies as well as liaise with the "commercial world generally."

The board's proposals are to be put to a special general meeting of the CWS in October, followed by a referendum of retail societies.

It is not certain the retail societies will automatically back the move even though the proposals are generally regarded as an attempt by the High Street co-ops to strengthen their control over the CWS. Many societies may feel that a full-time chairman would eventually lose touch with the retail movement.

The present part-time chairman of the CWS board is Mr. Peter Paxton, also chief executive of the Cambridge retail society. He is the likeliest front-runner for the full-time chairmanship if this is approved.

The present deputy chief executive, Mr. Dennis Landau, will succeed Sir Arthur Sugden next month as chief executive.

£4m bank headquarters opens on famous Manchester site

Rhys David reviews the Co-operative Bank's progress

THE CO-OPERATIVE Bank yesterday opened for business in a new headquarters at one of Britain's most famous addresses—1 Balloon Street, Manchester—bringing to an end the first phase in a £11m transformation since the bank obtained full clearing status in 1975.

The building, on the site of the co-operative movement's first headquarters, has cost £4m and will house 500 Head Office and Manchester branch staff.

Two months ago in Skelmersdale, Lancs, the bank opened its other major recent development—a £7m customer service bureau where back office paperwork for all branches, such as the despatch of statements and cheque-books, is carried out.

By big bank standards the Co-op Bank is still small, with total assets amounting to £500m. Its record profits last year of £6.2m pale when compared with for example those of Barclays which last week disclosed earnings of £279m for the first half of its current year.

However, its small size enables the Co-op Bank to claim to be the fastest-growing clearer, with a growth rate of 15 per cent in customers each year for the last five years. The bank also believes it is going to be able to continue to grow at a rapid rate throughout the 1980s, because it can be more flexible than the High Street giants. And it also has potential access through the Co-op's retail network to the great majority of British people, who do not have bank accounts.

The Co-op claims to have over 700,000 accounts and can claim to be the only English-based clearer which is fully represented throughout Scotland. The majority of accounts are personal but in terms of advances business is no split roughly equally between the corporate, co-operative and personal sectors, according to Mr. Lewis Lee, the Chief General Manager.

As might be expected, the bank is dominant in some traditional sectors, claiming 90 per cent of trade union business, and a very large share of working-men's clubs and club breweries. In addition however, it has about 16 per cent of the local authority market and has never lost an account because of a change in political control.

It has also picked up a number of Blue Chip companies in recent years, generally in the role of secondary banker, and is also winning a number of medium and small-sized businesses and in particular newly-formed ones, according to Mr. Lee.

In the personal sector the Co-op Bank claims, perhaps surprisingly, to have a slightly better social profile than its rivals. The typical Co-op cheque-book holder is likely in fact to be a middle-class reader of Which? who has been impressed by favourable ratings given by the magazine to the bank's services.

Chief of these, and the bank's main marketing weapon in attracting new personal customers, is free banking while in credit. The Co-op Bank, as Mr. Lee points out, is not obliged like its rivals to pay a dividend but works on co-operative principles, keping costs for customers down and ploughing back its earnings into new facilities.

The other principal asset which the bank like to think it has is accessibility. It has avoided competing in the High Street and still has only 65 main branches with the total due to rise to 100 over the present decade. These are backed, however, by 850 "Handybanks" inside the bigger Co-ops where a limited range of banking services can be arranged and a further 3,700 cash-a-cheque points in Co-op stores, mostly open during shop hours.

Limited services of this kind are all that customers require in 90 per cent of their dealings with a bank, Mr. Lee points out. The American system of "personal bankers" is now being introduced at the bigger branches for customers requiring extra services. This means a named individual who will handle any problems or queries.

The development, the Co-op claims, has been made possible by Skelmersdale, where a staff of some 500 now takes the bulk of routine work away from the branches. The bank is now one of the biggest employers in Skelmersdale and the biggest in the white-collar field.

Growth for all the banks is likely to come over the next decade from attracting customers in social groups where banking is still not widespread. Competition, too, is increasing with a number of American institutions now offering financial services, and the building societies also extending into limited banking.

Among the advantages which the Co-op believes it will have in this battle, however, is its existing "Handycard" credit card operation launched by the Co-op which is a valuable introduction to the banking habit for many people. Some 60,000 customers use the card in 1,000 outlets at present. Many of these, the Co-op believes, can be persuaded to convert to full bank accounts.

The Co-op Bank is also watching very closely the development of point-of-sale banking — the direct debiting of bank accounts when goods are purchased. "We are very well placed to take advantage of this development because we have been doing retail banking in a retail environment for 100 years. The other banks have to establish themselves in the retail sector over the next ten years," Mr. Lea points out.

Boost for miners' pension assets

BY ERIC SHORT

THE TOTAL ASSETS of the Mineworkers' Pension Scheme, one of the largest occupational pension schemes in the UK, increased by nearly one-third in book value, from £487m to £636m, in the year to September 30, 1979.

Latest report and accounts of the scheme show that the market value of the assets was greatly in excess of this figure. The aggregate market value of ordinary shares and fixed interest securities exceeded book value by £141m, while the property portfolio was valued at £345m, against a book value of £191m.

Contribution income from members, the National Coal Board and Government rose by 16 per cent from £159m to £184m, with the Government paying over £39m in respect of its share of the initial liability and the cost of pension increases made over the past four years.

Investment income improved by over 50 per cent from £35m to £54m. This represented a return of 9.56 per cent on the fund. The scheme's investment performance was in the top 10 per cent of funds monitored by stockbrokers Wood MacKenzie.

The report revealed that pensions were improved 11.4 per cent from September 24, 1979, representing the rise in the Retail Price Index over the 12-months to the preceding June 1.

The investment yield on the fund failed to match increases in pensions being paid. It also failed to match the rise in earning of surface and underground workers over the period averaging 11.8 per cent and 10.4 per cent respectively. But it did match the rise of 8.3 per cent in coalface workers earnings over the year.

The scheme bases pensions on earnings of employees taking the average of the best three in the past 13 years of work, each relevant year being revalued in lin with RPI. In addition, pensions being paid are revalued annually in line with RPI movements. So pension scheme assets need to match inflation over the long term.

High cost of official bankruptcy

BY GARETH GRIFFITHS

MORE THAN 55p was spent on administration in every £1 of net assets realised in bankruptcy cases handled by the Official Receiver compared with 42p in the pound by non-official trustees.

The Official Receiver handled 3,707 cases in 1979 and the non-official trustees 1,352 cases.

Preferential creditors received 16.7p and unsecured creditors 27.8p in official cases. The insolvency service makes a profit for the Government, which last year doubled from £343,000 to £672,000, mainly because of high interest rates on fee money.

In non-official cases preferential creditors recevied 12.4p and unsecured creditors 45.5p.

The number of bankruptcies in Britain last year fell by 11 per cent and estimated liabilities were two-thirds less than in 1978, according to a Department of Trade report published yesterday.

The sharp decline in the estimated liability figures from £202m to about £74m indicates that the collapses caused by the property market slump of the mid-1970s, have worked their way out of the system. Changes in the bankruptcy law in 1976 have also reduced the number of cases.

There were 3,170 bankruptcy cases in 1979 compared with 3,540 in 1978. The greatest number of failures occurred in the construction industry with 832 cases.

Cutting the cost of printed circuit boards

BY ALAN CAINE

A BRITISH company claims world lead in a manufacturing technique which can save up to 50 per cent on the cost of producing complete printed circuit boards—the heart of modern telecommunications and computer technology.

The system has been bought already by the telecommunications division of GEC. And next week, Blakell-Parfitt Systems of Dorset is to set up its own U.S. subsidiary to exploit the huge American market for microelectronics components.

The system is a blend of two technologies made possible by microelectronics, computer aided design and automatic component location.

The operator sits at a workstation; the naked, printed circuit board is delievered to the station, and a picture of all the components of the same type required for the board is projected on to the board using a projector above the operator's head. The components are automatically delievered to the operator in trays

The computer and microfilming device at the heart of the system produces artwork for both the printed circuit board and the 35mm transparency for the projector simultaneously, while giving instructions to the storeman to fill the components trays.

Highlands lure new industries

By Raymond Snoddy

SCOTLAND'S Highlands and Islands Development Board yesterday announced a £2.5m advance factory programme to build 26 units with a total of 45,000 sq. ft. over the next two years.

Mr. Gordon Drummond, board member responsible for industry, said: "The programme demonstrates the board's faith in the continuing potential of small industrial development throughout the Highlands and Islands."

In spite of national recession there was still active interest by developers in starting small businesses throughout the Highlands and Islands.

The units range from 750 sq ft starting units, through 1,200-1,500 sq ft workshops, to factories of 4,000-10,000 sq ft.

The previous two-year programme involved 28 units. Nine are still under construction and 15 of the 19 completed already have tenants.

The Highlands and Islands Board has built about 100 factories over the past 10 years. Apart from Jewellery and skis, the products include miniature transducers for medical use, in Skye, underwater cameras for the North Sea, in Wick, and electronic metal detectors in Inverness.

Pipeline inquiry postponed

THE DEPARTMENT of Energy has postponed next month's public inquiry into Shell's proposed 135-mile overland natural gas pipeline from St. Fergus, near Peterhead, to Mossmorran in Fife, following Shell's application to increase the pipeline size by 25 per cent.

The public inquiry, which was to be held in Aberdeen and Perth, was postponed to give objectors more time to consider the implications of the proposed increase in diameter to 34 inches.

Prince Charles will honour arts sponsors

PRINCE CHARLES has accepted an invitation to present the 1980 awards to business sponsors of the arts at a reception in London on November 11.

Lord Goodman, chairman of the Association for Business Sponsorship of the Arts, making the announcement yesterday, added: "Every day, sponsorship of the arts by business assumes a greater importance and needs every encouragement."

The awards, launched in 1978, will give recognition to 10 winners in four categories—the best single event sponsorship; the best corporate programme of sponsorship; the sponsorship giving most encouragement to young people; and the best first-time sponsor.

The nominations will be judged by a panel with Mr. Albert Frost as chairman and Mr. Nigel Broackes, Lady Donaldson, Lord Gibson, Lord Harewood and Sir John Sainsbury as members. Their decisions will be announced at the reception.

High prices for vintage golf clubs

SALEROOM

BY PAMELA JUDGE

GOLF, GUNS and fishing were the main points of interest at Sotheby's sale at Gleneagles Hotel, Scotland, on Monday.

A pair of Purdeys made £10,000 and three side-lock ejector guns by Boss fetched £15,000. The Purdeys, 12-bore self-opening side lock ejectors, were built in 1958 and have been unused since 1965. Two of the Boss guns were built in 1907 and re-barrelled by the maker in 1962, and the third was built in 1908 and re-barrelled in 1965.

The highest-priced golf club was not catalogued but fetched £1,550. It was an early-to-mid 18th century iron of unusual shape. A similar club made £1,400. A baffy spoon by Tom Morris of St. Andrews went for £1,500. This hickory-shafted spoon was sold together with a copy of a photograph of the Grand Gold Tournament on Leith Links in 1867 of Tom Morris and others.

A feathery golf ball, leather covered with inverted stitching and two final stitches astride one seam, was bought for £550, and a similar item but not in the catalogue (circa 1850) sold at £600. A silver vesta case with a coloured enamel panel of a golfer went for £850, and a Copeland Spode two-handled mug depicting golfers in action made £650.

The first evening of the two-day sale totalled £189,905. Other items included a racing saddle reputedly belonging to Fred Archer (£750), a collection of salmon and sea-front flies (£380) and a 19th century salmon reel of bronzed-brass and mahogany by Farlows (£160).

David Churchill examines the anxieties of the mail order business affected by the growing recession

Aggressive sales promotion exploits new markets

MAIL ORDER companies, traditionally among the most successful of all retailers in coping with a recession, are beginning to find it increasingly difficult to shrug off the effects of the slump in consumer spending.

The decision last week by the UDS group to pull out of mail order with its John Myers catalogue operation is the first big implication of the impact of the recession on the mail order business.

UDS, which was the sixth largest mail order operator, has sold its trading operation to Great Universal Stores—the largest mail-order company with about a third of the market through its various catalogue brand names, including Kays, Marshall Ward and Great Universal.

The second largest mail order operator is Littlewoods, with about a 30 per cent market share. It is followed by Freemans and Grattans with an 11 per cent share each, and Empire Stores with about 7 per cent.

The UDS move out of mail order follows reduced profit figures already announced this year by Grattans, Freemans, and Littlewoods (although Littlewoods' profits include its high street retailing outlets as well).

The main problem facing mail order companies is the same as that for retailers in general: consumers are either unable or unwilling to buy all but essentials in the present recession. In particular, the slump in clothing and footwear sales since last autumn has hit mail order companies hard, since just over 50 per cent of mail order trade — which totalled £2.1bn last year—was in clothes and shoes.

However, while mail order companies are feeling the chill of the recession, they are still outperforming the rest of the troubled retail trade. In 1979, for example, mail order sales grew by some 22 per cent in value—the highest for all retail sectors—and some 8 per cent above the retail average. Estimates of mail order trade so far this year suggest that the growth in sales value has dropped to 20 per cent or below—but this is in line with the total fall in the retail market.

In fact, the consistent growth of mail order sales during the 1970s has confounded most of the sector's critics who believed that changing retail patterns—such as the emergence of large multiple chains and discount stores—would mean a decline in traditional mail order operations.

Mail order through catalogues —which accounts for some 90 per cent of all mail order sales —originated in the North of England early this century. It offered working class households easy credit for basic household goods and clothes.

However, mail order has changed considerably since then, especially over the past decade when it has attracted more younger and middle-class customers throughout the country. Research carried out by the Mintel market research company revealed that 47 per cent of all housewives had bought at least once through mail order in the past year. Moreover, it showed that the fastest-growing sector was amoung housewives under 44, living in the South, and in the ABC1 (professional and executive) social classes.

The mail order business has seen its share of the total retail sales increase from 3.8 per cent in 1971 to 5.3 per cent last year —when it overtook the share of the department stores sector for the first time.

Such a rapid growth rate is surprising, given the price-competition of the multiple chains and discount stores over the past decade. And the traditional mail order advantage of an extended credit period has been eroded by the increasing availability of credit cards and the stores' own credit facilities.

There are good reasons why mail order has increased in popularity. The convenience of shopping at home by mail order rather than going to the shops is appreciated by increasing numbers of working women. Mail order companies go to considerable expense to provide colourful catalogues — at about £3 per copy — offering many thousands of branded goods.

The management enterprise and flexibility of the big companies in aggressive marketing and in spreading the mail order concept in new social and geographical areas have helped them to overcome problems such as the postal and the lorry drivers' strikes. Prices have been kept as low as possible — although still usually higher than those charged by most major high street retailers — by such methods as the development of their own distribution systems. This has also reduced the vulnerability of mail order to strike action.

But mail order companies remain worried by the effects of the recession. In previous slumps, the credit facilities offered by mail order has helped to keep sales buoyant. But customers now can buy on credit and still obtain lower prices from a discount store.

Increasing competition is now coming from the direct mail operators who heavily advertise a single product through consumer magazines. Although direct mail is not a major threat to the catalogue operators—since its product range is so limited—it does cream off some of the more lucrative trade from the established companies.

The major catalogue operators have reacted to the present slump by such traditional means as cutting stock levels and increasing their marketing activity. Littlewoods, for example, is offering special "Superbuy" cut-price offers.

But probably the strongest factor that will help mail order get through this recession—as it has done in the past—is the loyalty of its customers. There are about 5m mail order agents whose job is to solicit sales from friends and neighbours, earning a commission. It is easier to buy from a friend than from a discount store — even when times are hard.

Row grows over plans to import Hino trucks

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE STRANGE saga of the Japanese trucks which are apparently being suhsidised hy the Irish before heing re-exported to the British mainland has caused a furore in the UK industry.

The trucks are made in Japan hy Hino, the country's largest heavy truck maker. The company is closely linked with Toyota, which has an 8.5 per cent shareholding.

Last year Hino prodnced 76,500 trucks, compared with Leyland Vehicles' ontput of 13,800 and the expected total UK market this year of about 85,000.

Sioce 1969 Hioo has been sending trucks in kit form to J. Harris (Assemhlers) which is based near Dublin. Last year Harris assemhled ahout 1,000 of the 16-ton-and-over vehicles. In the 16-ton-plus sector of the Irish market, Hino now has a market share of ahout 38 per cent.

Recently a new company, HVC Motor Vehicle Distrihutors, hought a 25-year lease on a 41,000 sq ft factory at the Grange industrial estate at Warrington New Town.

HVC will import Hino trucks from Ireland, and next month expects to begin selling them in the UK throngh to dealers. The objective is to register about 500 in the first full year.

The managing director of HVC is Mr. Liam O'Neill, wbo for the past 12 years has been sales director of Harris.

He insists that he has provided all the finance for HVC, and that he is the sole shareholder. He also maintains that no Japanese investment is involved in HVC or in Harris, in which Mr. "Pino" Harris and his mother are the sole shareholders.

This is the second Irish attempt to bring Hino trucks to the UK mainland. Two years ago Harris was reported to he negotiating for the acquisition of a factory at Liverpool, on which £15m would he spent to turn it into a truck assembly plant.

The plan was dropped after protests hy the Transport and General Workers' Union which called for a nationwide campaign to "black" Hioo trucks in the UK.

Mr. O'Neill's current plans have prodnced a similar ontcry. Some TGWU members have renewed their pledges to seek to have Hino trucks "blacked," and the Preston district committee of the AUEW is pressing for the Confederation of Shipbuilding and Engineering Unions (the umbrella body wbose memhers include the AUEW and the TGWU) to stop Hino trucks at the ports.

Leyland Vehicles has protested that the development is not in accordance with the spirit of the agreement hetween the UK Society of Motor Manufacturers and Traders (SMMT) and the Japanese Automobile Manufacturers Association (JAMA) which apparently precvents Japanese trucks over 3.5 tons heing exported to the UK.

Another truck maker, the Oldham-hased Seddon Atkinson, has sent letters to local MPs saying that it is worried that Hioo might "huy" market share witb subsidised low prices.

Some people in the UK industry maintain that the Irish Government is giving Hino a "subsidy," because the trucks escape the usual 22 per cent EEC import tariff on the grounds that their assemhly creates employment in Ireland.

The SMMT will certainly take up the matter when it begins its hi-annual round of talks with Japanese industry representatives on September 9.

Unperturhed hy the outcry, Mr. O'Neill says that the Hino trucks he intends to import will have about 20 per cent of UK content hy value—Harris is spending £2.5m to £3m a year on UK components.

In the longer term a site "near the Warrington one" would be used to assemhle Hinos for the UK and for export. Some of these could have a local content of 60 per cent by using Cummins diesel engines, Eaten-Fuller gearhoxes and Eaton rear axles.

Mr. O'Neill claims that he bas received 260 applications from dealers wanting the Hino franchise, and that this has been cut hack to 86.

Whether the growing opposition will have any impact on these plans remains to he seen. The Department of Industry and the Department of Trade, wbile being aware of the position, seem to feel there is nothing which can he done officially to stop Mr. O'Neill.

A military start for civilian success with widely-recognised skills

THE ROAD from Andover to Reading starts on the northern edge of Salisbury Plain and passes places like Camherley and Aldershot—all good army country.

The British army congregates in this part of southern England in such large numbers that if there were a modern insurrection at Stamford Bridge, it would have almost as great a logistical prohlem to get there as King Harold had nine centuries ago. (Those who think Stamford Bridge is a football gronnd in London may pass immediately to other pages.)

Arborfield, just outside Reading, is off Salisbury Plain, but is still one of the most important training centres in the country. Here the army trains most of its highly-skilled men.

At a time when industry is cutting back on the number of apprenticeships and crying out for more skilled men, tbe army is stepping up its training. It probably trains more men for more skills than any single company in Britain.

Specialists

The School of Electronic *Engineering at Arborfield* is one if the main centres at which men are trained for the Royal Mechanical and Electrical Engineers. Every year it turns out some 200 skilled men and npgrades or gives further training to another 800; other schools witbin the corps turn out their own specialists. How many companies can match that?

REME is fortunate. It gets the cream of those who join the army but Col. Robert Hume, commandant of the school, says that it is not primarily looking for academic ahility. "We are looking for men who will hecome good soldiers, and have the necessary aptitude for the job. That is the essential quality. Aptitude.

"Of course, we want men with *good backgrounds* too. Nearly half our soldiers go on to become officers, and every regular officer is trained to degree standard and has professional qnalifications.

"The army today is working on the most intricate pieces of electronic equipment. New weapons systems mean we have to keep abreast of the very latest developments.

"But it is just not equipment which matters. Our men will not he repairing a gun-control system under ideal workshop conditions. They will he doing it in the rain, under camouflage, in Germany. There's a hell of a difference."

JOURNEY ROUND ENGLAND

By Anthony Moreton

Leonard Burt

Col. Hume looks in on a class at the Army's School of Electronic Engineering.

Once the soldier has completed his initial training—square-hashing, as it used to he called—those concentrating on electronics undergo a 28-week course at Arborfield. This course is divided into segments of intensive training: three weeks to kick off on mathematics, four weeks on vehicle electronics, then a series of courses on connectors, traosmitters and components hefore qualifications as an electronics technician.

Elsewhere the corps trains apprentices, who join at ahout the age of 16, vehicle mechanics and aircraft technicians. It does not touch civil engineering—*that's the province of the Royal* Engineers.

Advantage

REME trains men into 28 trades such as radar, medical and dental equipment aod avionics, almost all of which are acceptahle to the unions. That is the big advantage of army training nowadays; an army expert has not heen trained into a dead-end job.

Col. Hume says that outside industry keeps a constant watch on the men leaving the army after short-term commitments, say six or oine years. "Every course is structured on a common electronics training at the school with special training on such items as radar and telecommunications added and then equipment training as well.

"An articifer has no difficulty in *going* into *industry as a project* manager, and our electronics engineers go in as management. I don't know any of our men who are on the dole."

The other big advantage the army offers is that it accepts women for shop-floor training more readily than industry does. There are several WRAC soldiers taking the present course at the school.

REME has never had a great deal of difficulty in recruiting men, even though the field of service has heen severely restricted in recent years—no longer can the soldier expect to serve outside the UK, apart from Germany.

But the flow of recruits is undouhtedly being sustained hy the higher pay introduced during the past year and hy the difficulty in finding civilian johs. Craftsman Alan Prowse is 18 and comes from Tavistock. He has two "O" levels and has signed on for nine years.

"Where was I going to find a joh, let alone a well-paid one in Tavistock?" he told me. The army offers him security as well as a skill wbicb can be put to good use later on, a very important consideration to him.

Fortunate

Col. Hume feels he is fortunate. Arhorfield has one of the most comprehensive technical training facilities in the country, and be commands a permanent staff of over 200 military and 300 civilians. No commercial company can match that.

Tomorrow: Not so delicions apples in Battle.

Production ends at Canley plant

MORE THAN half a century of motor car production at BL's Canley plant at Coventry came to an end yesterday.

The last two vehicles to be made at the factory—which in the 1930s produced the Flying Staodard and later the Vaoguard — rolled off the assembly lines shortly before noon.

Moments later, the assemhly tracks were silent, victims of the company's streamlining plans.

The two cars which signalled the end of another chapter of motoring history—a £6,000 Dolomite Sprint and a £4,600 Triumph Spitfire—are destined for BL's motor museum.

Over the years, 276.457 Spitfires and 289,664 Dolomites have been produced.

In 1916, the Canley plant was used for aircraft prodnctioo but, after the First World War, switched to car manufacture.

APPOINTMENTS

Lloyds Bank trust head

Mr. R. F. Fryer has been appointed a geoeral manager of LLOYDS BANK and head of the trust division. He succeeds Mr. F. H. Freeman who retires on September 30 after 34 years' service with the hank. Mr. Fryer has heen assistant general manager of trust division since September 1975.

★

Mr. Peter Morgan has heen appointed director of data processing at IBM United Kingdom in succession to Mr. Tony Cleaver who takes up a new appointment in IBM Europe as group director of order management. Mr. Morgan, wbo returns from IBM Europe where be was group director of d.p. marketing, is a former data processing sales director of IBM United Kingdom.

★

ROYAL INSURANCE bas eatahlished a life divisioo. Its executive management will be: Mr. A. C. Baker, geoeral manager and chief actuary; Mr. H. B. Johnson, deputy general manager and actuary; Mr. A. J. McLachlan, manager, administration; Mr. D. R. Parry, manager, marketing; and Mr. K. R. Percy, manager, pensions.

★

Mr. Mark Jarrad has heen appointed vice-president of PARKER HANNIFIN CORPORATION'S finance and administration. He will he responsible for accounting, finance and administration throughout all of the European and intercontinental gronps within the corporation.

Mr. R. F. Fryer

★

Mr. Fletcher L. Byrom is to be appointed an advisory director of UNILEVER, from September 1. He is chairman and chief executive officer of Koppers Company, Inc., Pittsburgh.

★

Mr. C. D. Mahoney has heen appointed a director of GLANVILL ENTHOVEN (AVIATION).

★

Mr. James H. Asbton bas been appointed director and general manager of ILOMAN ENGINEERING, Douglas, Isle of Man (a Dowty Group company).

★

Mr. Laurence E. Mullen, corporate vice president-personnel and organisation planning of Allegheny Ludlum Industries, Pittsburgh, bas been named executive vice president of tba CARDOX COMPANY, a unit of *ALI's general industry* group, from September 1.

★

Mr. M. Harary bas been appointed managing director, Mr. M. Zangen senior deputy general manager, and Mr. M. Carmon deputy general manager of MIGDAL BINYAN INSURANCE COMPANY, Tel-Aviv.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arhuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

TUC controversy over media

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MAIN PRINT unions will meet at the TUC today in an attempt to resolve disagreements over a composite motion on the media, which will be debated at the TUC conference next week.

Among contentious issues will be the call, in the principal motion drawn up by the National Union of Journalists, to bar those journalists who are not members of TUC-affiliated unions from covering union conferences.

A further proposal, made in an amendment to the NUJ motion by the National Society of Operative Printers, Graphical and Media Personnel, is that unions should refuse to talk to "those journalists who consistently misrepresent, distort or bias their articles against trade union activities."

Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades and chairman of the TUC's print industry committee, said last night that the NUJ's proposal was "open to abuse."

"It could, for example, be used against foreign journalists who wonld not be members of TUC-affiliated unions," Mr. Keys said.

The intention of the NUJ's proposal ia to discriminate against the Institute of Journalists, which is not affiliated to the TUC.

The NUJ and SOGAT are both unhappy with the proposal from NATSOPA to refuse comment to journalists deemed to have distorted union coverage. The NUJ would find itself in a difficult position where such individuals were its members.

Mr. Keys said that any motion on the media should make it clear that individuals were not held to blame, but a system in which misrepresensation was routine.

All four unions concerned, including the National Graphical Association, agree on the broad thrust of the NUJ's motion, which condemns the "anti-union bias of most sections of the media," welcomes the establishment of the Campaign for Presa Freedom and "accepts that steps must be taken to defend those who have no voice in the existing media."

These steps include:

- A union-backed fund for new publishing and broadcasting ventures.
- Ways of "applying pressure" on newspaper and broadcasting employers to ansure a fair bearing for differing opinions.
- An independent forum for monitoring the Press and dealing with complaints.
- To campaign for a "Freedom of Information Bill."

The Campaign for Press Freedom is pressing for the right of reply, which it saya is supportad by 16 unions, including all the print unions.

The campaign is based on a "simple principle . . . if individuals or groups bave been seriously miarepresented in a newspaper or magazina, they should have a chance to put their case to the readers of that publication."

The campaign aays that in "exceptional caaes" the right of reply could become the subject of negotiation between the employer and print unions.

Plea to defer deportations

BY OUR LABOUR STAFF

A LETTER from some prominent figures, including members of the Shadow Cabinet and drawing attention in the plight of arounn 200 resident domestic workers faced with deportation from the UK will be received today by Mr. William Whitelaw, the Home Secretary.

It urges Mr. Whitelaw to exercise his discretion "in order to allow this limited number of workers to remain on compassionate grounds."

The signatories, who include Mr. Peter Bottomley, the Conservative MP, Mr. Cyril Smith, the Liberal MP, and some 20 Labour MPs including Mr. Michael Foot, Mr. Peter Shore and Mr. John Silkin, urge Mr. Whitelaw to defer further deportations of the domestic workers until Parliament has debated an early day motion on their situation.

The workers, mainly women from the Philippines, typically entered the UK some years ago, recruited to work in hospitals, hotels or domestic service by employment agencies in their homeland.

They failed to declare that they had children when they were granted an entrance visa and a work permit for the UK.

However, the Migrants Action Group, which is condncting a campaign on the women's behalf, says that the concealment of the information was the responsibility of the agencies which recruited them, and not of the women, who were ignorant of the requirement that they be childless.

Civil Service plea on pensions

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions have told the Government'a penaions inquiry that the establishment of a contributory pension fund for the Civil Service ought to be seriously considered by the Government.

Civil and other public servants' pensions have been subject to criticism for their indexation agreement, which links them to retail price inflation, and for their seemingly low staff contributions.

But the Council of Civil Service Unions, in its evidence to the inquiry concludes that civil servants pay their full share "by any accepted standards."

It acknowledges the view of some civil aervants, though, that this should be more overtly recognised as contributory and the Civil Service move over to a contributory schema.

It says: "It may well be that the answer for all schemes is a funded, contributory scheme to final salary pension, with pay-as-you-go indexation thereafter."

If the Civil Service staffs present contribution of £347m remained the same, the Government would have to find some £481m extra to pay for a fundedd scheme.

Bowater appeal to save mill

By Pauline Clark, Labour Staff

WORKERS at the Bowater newsprint mill in Ellesmere Port yesterday appealed to industry leaders for support in their campaign to save the mill from closure.

A delegation from the mill's joint union action committee urged Mr. Andrew Toop, regional director of the Confederation of British Industry in Manchester, to put pressure on the Government to give urgent financial aid.

The Government has so far resisted requests for help from Bowater which last week issued 1,600 workers with 90-day redundancy notices.

Workers, union leaders and management have made a united appeal for subsidised fuel to help the mill compete with cheap imports of newsprint from Scandanavia and Canada.

Air travel set for 400% growth

BY LYNTON McLAIN

ENERGY COSTS and the ability of companies to pay are likely to be more significant factors tban energy shortages in determining the future of world aerospace industries over the next 20 years, Sir Austin Pearce, cbairman of Britisb Aerospace, said yesterday.

Sir Austin, who was chairman of Esso before joining the state aerospace corporation, said he did not believe energy was short. The question was whether the energy available would be in the form required for use in transport.

There would be no shortages of hydrocarbon fuel for aircraft propulsion if oil now used fnr beating were replaced by coal, nuclear and solar energy.

But the costs of making the change would have a "ripple effect" on aerospace manufacture and operations, and these costs would be a "significant fact in the future of the industry."

Such a change would effect the cost of new aircraft and their day-to-day operating costs.

But the greatest impact would be on demand for civil and military aircraft, Sir Austin told delegates at the "Aerospace into the eighties and beyood" conference organised in London by the Financial Times and the Royal Aerooautical Society.

Demand for aerospace products would be affected as

the costs of a change in energy forms used made their impact on national economic growth and prosperity.

This would affect the amount of money available for investment. Consequently it would bave an impact on the sbape of the world aerospace industry.

Not all countries with aerospace industries would be affected equally. The impact would depend on the extent to which the country lacked energy, ranging from the self-sufficiency of Britain to the heavily energy-deficient economy of Japan.

But action would have to be taken in all cases to lessen the effects of changes in energy costs and to improve the ability of companiea to pay for energy.

Civil aircraft, military aircraft and guided missiles dominated eerospace production in Europe and especially the UK. But no single national European company could hope to prosper on home sales of these products alone, Sir Austin said.

European aerospace companies bad three options. Tbey could sell their products to the rest of Europe, sell to the developing world or sell into the U.S., if they wanted to be profitable and viable.

Joint agreements provided a fourtb option and Tornado, Jaguar and the Airbus programmes showed what could be achieved by concerted efforts.

In the civil air transport field, a view of short-term trands would lead to a pesaimistic view of the future, Sir Austin told delegates.

However, British Aerospace projections for growth between 1980 and 2000 suggested that passeoger traffic in the free world would double by 1990. By 2000 it was expected to be between three end a balf and four times as great as was the forecast for 1980.

Forecasters in 1970 had predicted that the aerospace industry would have reached maturity by the eod of the century, a view, in rotrospect, tbat Sir Austin said was "pessimistic." Nevertheless, he accepted that some people now regarded this prediction as the more likely by 2000.

He believed growth would be between the most conservative view and that proposed by mathematical forecasters. But even this medium projection showed a rate of growth in passenger traffic bigher over the next decade than many projections of the free world's gross national product growth.

The main markets for British Aerospace'a civil aircraft products were expected to be in the developing world and Europe, rather than in the U.S., where certain "factors" make selling into the U.S. market more difficult.

However, the British Aerospace 146 airliner, which was well-suited to the developing world, might also be attractive to smaller operators in tbe U.S.

Over the longer-range flights, "mammoth" aircraft able to carry 1,000 passengers were likely to be created. But they would require substantial financing in ground-based infrastructure such as runways, terminals and roadways.

Sir Austin wanted to know where the money would come from at a time of "very strong doubts in the financial world" about whether the current large-scale purchases of large aircraft could he supported.

He said the "snowball effect" of price-cutting in air transport was "hardly designed to boost confidence in the financial community." The result would be that existing aircraft would be kept in service longer than originally planned.

New aircraft would bave to meet environmental standards, use fuel efficiently and have the most competitive operating economics, including e long airframe life.

This gave tbe manufacturers a challenge because the new designs and those recently launched were expected with development, to remain in service into tbe next century.

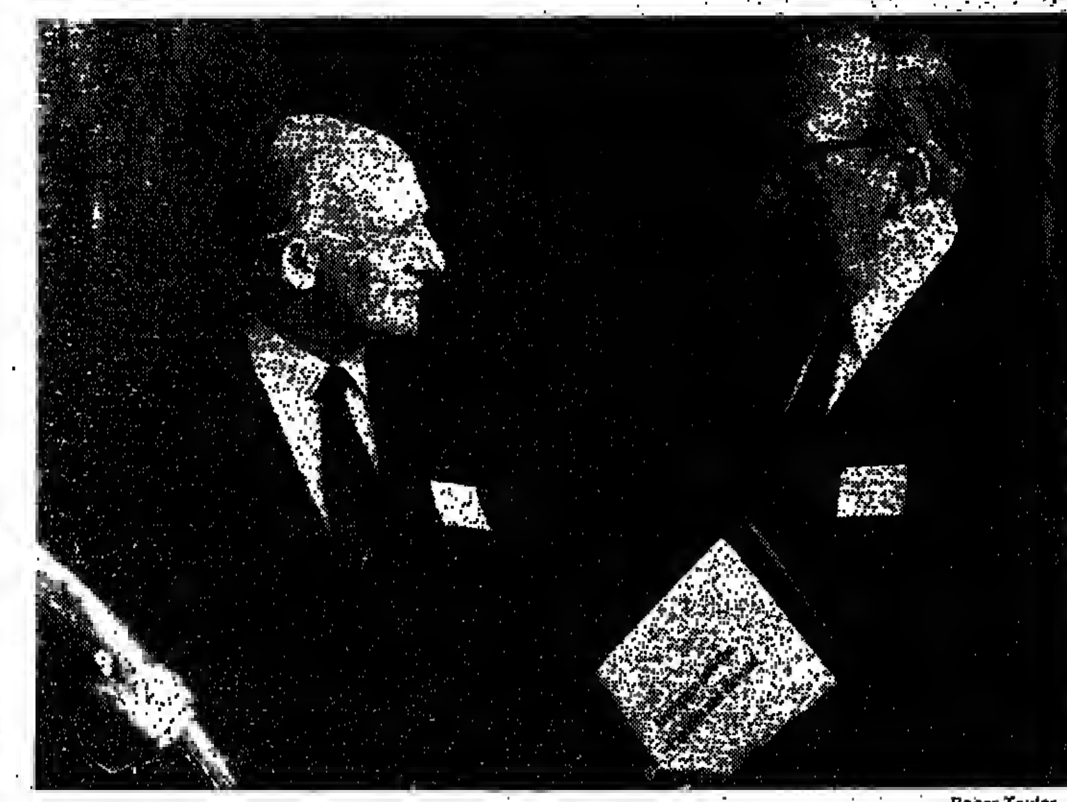
However, the picture could be changed appreciably by the impact of government financing and subsidy for some aircraft operators.

Many large airlines were, in effect, nationalised carriers. Tbey stayed in business with government support of day-to-day operations or through government absorption of part of the building costs of new aircraft.

The effect of these subsidies would be to put pressure on the unsupported airlines. Some of these operators would have "great difficulty" in staying independent, Sir Austin said.

Increased pressure nn airline operators to cut costs would also apply to the aircraft manufacturers. Companies wonld be expected to produce aircraft witb higher efficiencies, more seats per aircraft and less time out of service. Higher reliability, longer periods between overhauls and minimum maintenance time were certain to be demanded.

In the military sphere, British Aerospace intended to continue development of the vertical and short take-off and landing (VSTOL) concept to give improved performance, while retaining the advantages of the British Aerospace Harrier.



Roger Taylor

Sir Austin Pearce, chairman of British Aerospace, and Mr. Donald Pepper, vice-chairman of Rolls-Royce, exchange views at the conference.

Modern surveillance systems and missile developments bad made airfields and bunker storage highly vulnerable. The "Harrier of the future" could provide the answer, Sir Austin said.

"A much higber performance—including supersonic capability—VSTOL aircraft is a practical proposltion in the next 20 years, although it would be much more expensive than the present Harrier," he added.

Other military aircraft would also be neaded by the year 2000, and more than one government was asking for a small, light low-cost aircraft to replace the larger, high-performance aircraft of today.

'Mammoth' aircraft able to carry 1,000 passengers may be created
High performance and low cost need not always be incompatible

However, goals of high performance and low cost were not always incompatible, because of the possibllity of technical breaktbroughs.

In aerospace manufacture a break-through was needed in the types of materials used. Also, manufacturers needed to "reduce considerably" the amount of waste created by the need for metal machining processes. The cost per pound of these materials also needed to be reduced.

All three developments were possible. But Britisb Aerospace was not optimistic that such a breakthrough would come in the 20 years to the end of the century.

Mr. Donald Pepper, vice-cbairman of Rolls-Royce, said that in the aero-engine sector growth prospects in the long term remained closely linked with the fortunes of the aerospace industry as a whole. In the sbort term, however, "there have been some nasty shocks and still more to come."

There was a "fair amount of bad news" today. Aircraft were under-used, and although airlines urgently needed to buy new fuel-efficient aircraft, many found it difficult to generate the funds needed.

Despite these problems, the "inexorable civilian traffic growth" to the end of the century was expected to continue. The average forecast growth rate was about 6.5 per cent per annum over the period, Mr. Pepper said.

On the civil side, aero-engine manufacturers bad entered a new phase. This was in a period of consolidation and the main efforts at the upper engine thrust levels were concentrated on a "vigorons attack" towards the improvement of performance, reliability and component life.

But despite the dominance of the turbo-fan engine since the 1950s, a market had continued to develop for the earlier type of power plant, the low fuel consumption turbo-prop. This powered such aircraft as the BAe 748 and the Fokker F.27, the latter now the largest civil programme outside the U.S. with 750 F.27s sold.

Similarly, the turbo-prop 748 had been outstandingly successful and Britiah Aerospace had now sold more 748s than Viscounts.

Mr. Pepper said the low fuel consumption of the turbo-prop aircraft was increasingly attractive. A "strong future market" for turbo-props was probable, especially for short-haul operations.

This market could result in the emergence of new engines in the 2,500 shaft horse power class, Mr. Pepper said. Also, a market for new 5,000 SHP turbo-prop engines might develop for 100-seat aircraft.

Engine makers had an obvious and large part to play in coping with the problems of rising fuel costs. But Rolls-Royce said innovation was also expected from the materials and accessories suppliers.

Further developments of the vectored thrust principle—as now used on the Harrier—were under way, and the technology had advanced to a stage where a supersonic fighter with vertical and short take-off capability could be made and operated at costs comparable with those of new conventional aircraft.

M. Roger Beteille, the managing director of Airbus Industrie, told delegates that "unduly pessimistic views" on the future of the world economy were not justified.

The demand for transport would continue to grow moderately and in line with population, income and economic growth.

Airbns Industrie predicted that on a "very conservative basis" up to 300 to 400 Airbns-equivalent aircraft would be delivered each year over the next decades to Western airlines.

M. Beteille suggested that, at least for short trips, airlines may "return to the propeller," provided that the difficult problems of noise could be solved.

Airbus Industrie wanted to see a further development of the cooperation already built up between European nations in aerospace. M. Beteille said this was not aimed at destroying or eliminating U.S. competition.

Boeing plans may mean new orders for R-R.

- Boeing is planning a total of 11 derivatives of its hasic range of five civil airliners, in a programme that may produce more work for Rolls-Royce.

The new aircraft will incorporate improvements that have become cost-effective only because of the high costs of aviation fnel, Mr. Boh Withington, Vice-President engineering, for the Boeing Commercial Airplane Company, said.

He told the conference that plans include the re-engining of the Pratt Witney-powered Boeing 737 twin-jet airliners.

Options being considered by Bneing inclnde the RJ500 engine which is being developed by Rolls-Royce and a consortinm of three Japanese engineering companies.

Mr. Withington said Boeing bad "very firm plans" for re-engining the 737. The new aircraft could be flying by the mid-1980s. Other plans inclnde firm proposals in modify the 727, tri-jet airliner in improve its fuel efficiency by ten per cent.

Also by the end of the decade, Boeing expects to have redesigned the highly snccessful 747 Jumbo jet almost completely. The first stage is nnder way and calls for the npper passenger deck to he stretched to inclnde 40 more passengers in 1982-83.

In the late 1980s, Boeing expects to introdnce a new, longer high-efficiency wing and to stretch the wbole of the main Jumbo jet fuselage. Engineering work on the possible uso of new composite materials fnr the wing is nnder way.

Other plans include a shorter version of the 757 twin-jet airliner ordered by British Airways and Eastern Airlines. The new 767 airliner may also he stretched to provide a long-range version.

Advanced technology aircraft being considered at the Seattle plant include the "quiet short-haul research aircraft," which uses compressed air blown over the wings to improve take-off and landing performance. The prototype aircraft—the size of a small airliner—has landed in a test on an aircraft carrier at sea.

Boeing is investigating the potential use of Swept, scimitar-shaped propeller blades for use with turbo-prop engines. This possible return to the turbo-prop—as used on old Viscount airliners—is a direct result of the rapid rise in fuel costs which have made the Viscount, for example, more viable on some routes than the later Trident jet airliners.

Boeing envisages a propeller-driven aircraft flying at Mach 0.8, almost the speed of sound.

The company is expected to reach a final decision on what use to make of its research into light high-strength, non-metal composite materials for airliners by 1990. At the moment there are no plans for radical changes in the way aircraft are built but there will be a gradual increase in the amount of advanced materials used.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Mortgage relief

If I buy a house in Florida as an investment property can I show interest payments under No. 63 on my UK tax return provided the property is let at a commercial rent for more than 26 weeks in the year?

No. Relief for current property-purchase mortgages is restricted to property in the United Kingdom or in the Irish Republic. You will find general guidance in a free booklet which is obtainable from most tax inspectors' offices: IR11 (Tax treatment of interest paid).

Nominee sublet

I am the owner of a leasehold flat which I am considering renting furnished. However, my lease provides as follows: (1) The cost of insuring the building shall be paid to the lessor (thus forming part of the service charges), whereas the managing agents have obliged me to insure direct with the insurers. (2) Not to assign underlet or part with possession of the flat *without first obtaining from the* assignee transferee underlessee or undertenant a covenant directly with the lessor to pay the covenanted contribution (i.e. service charges).

It will be difficult for me to comply with this provision owing to the unwillingness or refusal of tenants to enter into such a covenant, and because the rent will be fully inclusive of service charges. Could you please suggest a way of *overcoming this difficulty?*

It is doubtful if the managing agents had any power to require you to insure direct with the insurers, but as that gives you greater freedom it would probably be wiser not to pursue the matter. You can allow for such costs in the rent charge. The solution to your other problem appears to lie in subletting to a nominee (who will covenant with the lessor as required), who will then subunderlet without having to require the tenant to enter into any such covenant.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Why a City financier developed a penchant for France

The Charterhouse Group is forming liaisons with an increasing number of French companies. Nicholas Leslie reports

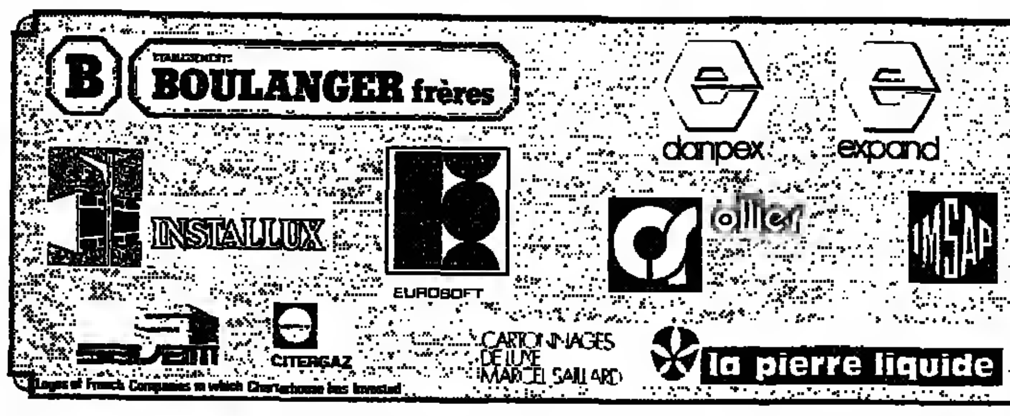
WHEN THE directors of the Charterhouse Group, the British investment and banking concern with unusually wide industrial interests, crossed the Channel this year to hold their first Board meeting on French soil, it was for a particularly significant reason.

The meeting place was an elegant, high-ceilinged office just off the historic Place Vendôme in Paris, where Charterhouse S.A., the group's French development capital subsidiary, has its headquarters. The significance of the occasion was that it reflected the group's belief that S.A.'s activities had finally come of age, and that France is a highly promising area of investment.

Charterhouse S.A. has reached such maturity well before its 21st anniversary. It was set up only eight years ago to tap the French development capital market and now has a portfolio of 12 investments in manufacturing, distribution and service industries; the number should rise to 14 by the end of the year. The company has integrated itself into the local financial market and, in addition to investing independently, now makes joint investments with other Continental banking and investment organisations.

That the company is still the only British development capital company operating systematically with a French base, is surprising, given the enthusiasm of Roger Elmhirst, Charterhouse S.A.'s chairman, for the French market and his belief in its potential.

One reason Charterhouse is in France is that it believes that it makes sense to spread its group development capital activities outside the UK. To this end it has specialist subsidiaries in the U.S. and Canada. France, though, is the only non-English speaking area where it indulges in this type of investment. It dipped a toe into Germany a few years ago, but withdrew after finding the potential rather limited and the competition substantial, in the form of the major national and regional banks.



Logos of French Companies in which Charterhouse has invested

Elmhirst—who set up Charterhouse SA and who had previously worked for some years on the Continent as European manager of the Cerebos foods group—is enthusiastic about France not only because of the size of the market, but also because of what he sees as a relative lack of constraints on companies. He cites less burdensome tax laws and a generally less restrictive environment for companies of the size which attracts Charterhouse.

When it researched the French potential in 1972, Charterhouse found that development capital —in the sense of the provision of equity finance to owners of private small and medium sized companies—was very underdeveloped in France. Though the major French banks had the facilities to make such investments, few were doing so, says Elmhirst. He believes this was partly because they felt vulnerable to the possibility of being held responsible for all the liabilities of a small company where they were both banker and shareholder.

Liberal

The general climate surrounding smaller companies has subsequently changed, however, as it has in many countries, including the UK. In particular, the liberal economic attitude of the French Prime Minister, Raymond Barre, has helped promote more funding for small and medium sized business, particularly by the major nationalised French banks. The most recent initiative was last month's creation of the state-backed Crédit d'Equipement des Petites et Moyennes Entreprises, which draws together three institutions already active in financing small and medium sized companies in a bid to clarify financing for this sector.

It may be no more than a happy coincidence, but the coming of age of Charterhouse's French company has occurred a a time when the group as a whole has been assuming a much more public profile than in recent years. A more aggressive approach has been noticeable and, in order to realise funds for reinvestment, Charterhouse has been actively divesting itself of some (mainly British) interests where it has been a long-standing shareholder.

This began last November with the selling of the Spring Grove Services subsidiary for around £10m and the Glanvill Enthoven insurance broking subsidiary to *Jardine Matheson*, the Hong Kong trading group, for £11.7m. Most recent has been the flotation of 51 per cent of Charterhouse Petroleum, which has valuable North Sea interests. In between came the highly significant purchase for £44m of Keyser Ullmann, the secondary bank which has been hauling itself back from the brink of the 1973-74 banking crisis and which will now form a valuable extension to Charterhouse's banking interests.

Charterhouse has a major and long-standing commitment to development capital activities, although in the UK there was something of a hiatus in the mid to late 1970s when both development and venture capital generally languished in the doldrums. The majority of the UK activity is channelled through Charterhouse Development and Charterhouse Development Capital (where several major outside institutions are majority shareholders).

Overseas, though, the group has been quietly expanding its development capital business. It now has over 11 investments in the U.S. and Canada, in companies ranging from computer software to meat processing. Shareholdings generally range in size from just 10 per cent of the equity to nearly 50 per cent.

But even greater activity has been seen in France. A total of 17 investments has been made in the past eight years, of which 12 remain in the portfolio. Two have been sold at a profit, one was merged with another and two went wrong and had to be disposed of.

Elmhirst reckons many French entrepreneurs found Charterhouse's concept attractive in view of the restricted scope for owners of private companies to realise some of their capital without going public and losing a large element of control. At the outset of the French operation, he set out to gauge the demand and its likely source by visiting a mass of people, including 80 bankers and business brokers (these are much more widely used in France than in the UK, he says). His conclusion was that, if there were very few development capital operations in Paris itself, the number would "be near zero outside Paris." He therefore set the company's sights on a broad geographic area.

Charterhouse's assessment of the market goes something like this: of a total of nearly 1.4m companies in France, around 225,000 employ between ten and 500 people. Of these, only a few hundred are quoted, partly because of the conditions laid down for admission to the stock markets. Given also that a fair proportion of companies of this size will be subsidiaries of larger groups, around 110,000 are left as independents to form a potential market for development

Charterhous was, and remains, attracted by France's economic performance — between 1969 and 1979 GNP rose at a rate and to a level second only to Japan: exchange rates against major currencies have been relatively stable; and its balance of payments and trade have also not been as erratic as other major European countries.

Hugh Routledge

Roger Elmhirst: placing Charterhouse SA in the hands of French management.

Though Elmhirst set up the French company and remains chairman of it, operational management has been in the hands of a French managing director, Michel Knibbeler, for some time now. Knibbeler, 43, has the kind of background Charterhouse likes to bring to bear on its development capital activities—that is, industrial as well as financial experience. He was for nine years industrial fibres manager for the Rhone Poulenc group, and then for four years a partner in Cedeve, a French private investment company, before joining Charterhouse in 1977. On his shoulders rests much of the burden of monitoring the market and co-ordinating the management input which S.A. provides for the companies in which it invests.

Another S.A. executive, André de Sike, also has a diverse background. A naturalised Frenchman (Hungarian by birth), de Sike, 42, has worked in marketing for Ciba-Geigy S.A. in Switzerland, Eurofinance in Paris, and as manager of the petro-chemical department of Gazocean, in Paris.

Significantly, British accounting practises are followed. The French company's accountant is Frank Thorogood, who since qualifying as an English chartered accountant has worked largely overseas—with Price Waterhouse in Frankfurt and Paris, before moving into industry with Control Data, in Brussels, Le Froid Industriel York (part of Borg-Warner), in France, and then joining Charterhouse in 1979.

Though Charterhouse S.A. has suffered two failures with its investments, its strategy is not high risk, with the company seeing its role as both providing a means whereby well established entrepreneurs can realise some of their capital, and as a source of management advice. This latter function needs particularly delicate handling, however, given that Charterhouse is dealing with highly individual characters who are more used to making their own decisions than listening to the ideas of others.

Advice

Nevertheless, Knibbeler and his team believe they are looked upon as peers by the entrepreneurs in whom Charterhouse has invested. As such, they are looked to for advice not only on finance, but in such areas as expansion and diversification, exporting and setting up overseas and on strategy for future operations.

Charterhouse is now investing in a range of companies from Lyon in the south, to Lille in the north. Its investments have steadily veered more towards the service industries, *a pattern which has followed* the general shift of the French employed population in the past 10 years. While service industries now employ around 60 per cent of the population, compared with 53 per cent a decade ago, industry employs 39 per cent, against nearly 44 per cent.

The irony of Charterhouse's changing direction, though, is that its preference is now much more for industries where technology can reduce labour intensiveness and thus the degree to which a company is exposed to labour difficulties.

In recent years, many French companies have moved into the business area that Charterhouse S.A. occupies, although not in such a specialist way. Nonetheless, it competes on occasion with such organisations as the 15 Sociétés de Developpement Regionale (SDRs), regional financing bodies which have state funding. There are also the big banks' merchant banking subsidiaries, such as Banque National de Paris' Banexi and Credit Lyonnais's Banque Occidentale. Most recently has come the creation—on the initiative of the Ministry of *Finance* — of new *regional* bodies. These are Siparex, in the South East, Participex in the North and Iad Ouest in the West. These have private institutional shareholders, including Britain's Industrial and Commercial Finance Corporation.

The lack of direct competition faced in France by Charterhouse from British financing institutions could, of course, change significantly in the not too distant future. Last year's removal of Britain's exchange controls is one factor that has probably led to UK institutions eyeing the Continent with new interest. And although they still exist in France there has been considerable speculation that controls will be eased, if not removed altogether at some time. That, however, has been a persistent rumour which has shown no real signs of being proved correct or buried.

French exchange control has never really worried Charterhouse, however. It has always enjoyed good relations with the French authorities, says the company, and feels this is unlikely to change, particularly as the operation has such a strong French orientation and French management.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● RESEARCH

Springs are put to the test

A £100,000 facility for testing to destruction vehicle coil and taper leaf springs has been added to Bramber Engineering's research and development establishment at Tonypandy, Wales.

The electro-hydraulic fatigue testing machine from Schenk is one of the first of its type to be installed in Europe. It can apply loads of up to 20 tonnes, sufficient for most truck springs, and go from low to high load at a cycle time of 100 a minute (1.6 hertz). This "jounces" a leaf spring until it assumes a reverse curve well beyond the point at which a bump stop would arrest it.

Both the frequency and load capacity of the test can be adjusted to customer requirements and will ensure that the expected endurance of the spring will be achieved. The other side of the machine can simultaneously test car coil springs two at a time.

As a pure test facility it shows whether a customer's spring specifications will achieve the desired results, including durability, and as a production tool improves Bramber's quality control. This is expected to be valuable in increasing exports, currently running at 15-20 per cent for coil springs.

A principal feature of the machine is that the main hydraulic actuator is of the pre-load design. In effect this is a two-stage cylinder which considerably reduces the size of the power-pack and results in a worthwhile energy saving.

Bramber Engineering, Cape Works, Tonypandy, Rhondda, Mid Glamorgan CF40 2SF.

PETER CARTWRIGHT

Design of mixers

SUPPORT FROM industry is being sought by BHRA Fluid Engineering for the second phase of its investigation into the dynamic loadings in mixing vessels.

In the period 1978-79, BHRA undertook a programme of theoretical, laboratory, and on-site research, largely funded by ICI and the Chemicals and Minerals Requirements Board of the Department of Industry, aimed at producing a design guide to assist process engineers in the selection of agitators and ancillary equipment.

BHRA says that as a result of this work it is close to producing a valid method of making full-scale predictions of mixer shaft loads, which could benefit both manufacturers and users of the equipment.

Many operations in the chemical and allied processing industries involve agitating the process liquor with an impeller mounted on a shaft which enters the mixture from the top. In some cases, this shaft can undergo violent vibration, causing failure of bearings, seals, and even the shaft itself.

To guard against such expensive failures, shafts are frequently over-designed, making them unnecessarily costly to produce.

BHRA says it can now optimise the selection of agitators, shaft speeds, baffle sizes and locations, impeller types, and so on, for a given application.

BHRA has therefore set up a project which will enable users and manufacturers to share the cost according to the numbers involved. The Chemicals and Minerals Requirements Board has already indicated its interest in the proposal, subject to industrial participation, and companies are now being invited to write for further details to Geoff Pollard or David Crow at BHRA Fluid Engineering, Cranfield, Bedford MK43 0AJ (0234 750422).

As can be seen here, this fork lift truck can be used for lifting and shifting helicopters as well as the more usual stacking of loaded pallets. The truck is the 4-tonne diesel R43 made by Still GmbH of Hamburg which has its UK headquarters at Oxford Street Industrial Park, Oxford Street, Bilston, West Midlands WV14 7DH. In this country the company is known as Still Materials Handling. It is just putting on the market a new electric forklift truck called the R60. Lifting capacities will be from 1½ to 4 tons.

● HANDLING & STORAGE

Plate glass transporter

DESIGNED ORIGINALLY by James Clark and Eaton for use in its own works, a new type of glass transporter has been adapted for carrying plate glass on the sites on which it is to be installed. It is particularly suitable for use when vehicle access is restricted and large plates need to be transported over long distances and it is now being offered generally to the trade.

In standard form, the transporter will carry glass up to 0.75 tonne but itself weighs only 68 kg. I has a maximum extension between uprights of 3400 mm and an extended upright height of 2,100 mm.

Glass is transported vertically and held securely in position by suction pads. Easy movement is obtained by using heavy duty industrial casters 203 mm in diameter.

James Clark and Eaton is one of the largest flat glass processors and distributors in the UK and recently invested around £250,000 on re-equipment of its works. In 1979 it handled more than 1.5m square metres of glass in its factory at Bracknell, Berks.

Handling of asbestos

A NEW British trade organisation the Asbestos Removal Contractors Association has been set up.

It has been formed, by several of the country's major asbestos removal companies, to "promote and maintain the critical *safe* working standards required for handling and removal of asbestos and other airborne fibrous materials."

Founder members are Cape Contracts — Environmental Services Division, Envirocor, Power Cleaning and the RMWS Group.

First chairman of ARCA is Mr. John R. Belcher, Managing Director of Envirocor.

Offices are at 24 Ormond Road, Richmond, Surrey (01-948 4374).

● METALWORKING

Cuts metal to shape

A PORTABLE metal cutter has been launched by British Oxygen. The company claims that the new machine, the Bantam 4, can cut strips, bevel plate edges in preparation for welding, cut circles and hand guided profiles.

It weighs only 10 kg with a single blowpipe fitted, or 12 kg with two blowpipes.

The single version can cut metal up to 150 mm thick at speeds of up to 125 mm a minute. It uses acetylene, natural gas or propane as fuel. The Bantam 4 costs £415. John Davies will tell you more on 01-748 2020.

● FINISHING

Palladium plating process

MANUFACTURERS SEEKING a substitute for gold or rhodium for purposes such as the plating of low current contacts could consider palladium. Degussa, the West German engineering specialist, has just launched a new palladium plating bath which, it claims, enables palladium coatings of exceptionally high quality to be deposited.

It goes on to say of the coatings: "Their brilliance, colour and mechanical and electrical properties are in many cases comparable with the coatings of far more expensive precious metals."

The coating bath is a new innovation Degussa says. It works at room temperature and at a pH of approximately 1. The electrolyte is claimed to be unaffected by metallic impurities and it is suitable for either frame or drum plating systems. The Electroplating Group of Degussa is on (0611) 2 18-28 60.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● DATA PROCESSING

New packages and systems

THE TREND to computer software packages continues unabated with new products launched weekly. Among the latest are a fixed assets accounting package from Pentagram Software Products. The package is written in the computer language RPG II (Report Program Generator) and Pentagram claims that it is compatible with almost all computer systems.

The program is claimed to meet the requirements of the accounting standard SSAP16 which covers assets, working capital and gearing.

The package, called Sapphire, can be installed and customer staff fully trained in its use in two weeks. The customer has to have a computer, of course. John Power, managing director of Pentagram, points out that the package already runs on IBM System 3 and System /34 and ICL 2904 machinery—you also have to have an RPG II compiler. Mr. Power says: "I cannot think of any manufacturer who charges for the RPG compiler."

His users include Wilkinson Match of High Wycombe, Ideal Toy of Wokingham and the photographic chemicals manufacturer Agfa Gaevart.

The cost of the package is £4,500 including source and object programs and full documentation (that means you not only get the programs the computer understands you get the programs you understand).

The reports provided are: depreciation charge, asset register, development grant, addition, deletions, replacement cost, replacement cost for assets disposed, depreciation analysis, depreciation analysis by profit and loss.

John Power will tell you more on 02404 4941.

DRG Business Machines has introduced a suite of programs for tool, plant and vehicle hire businesses. They run on the Cado business microcomputer for which DRG is the UK distributor.

DRG says that the hire information is processed from the point of signing of the contract to the final payment; files are maintained on hire, rates, values, receipts, costs, depreciation, cash deposits, refunds, plant contract details and all the rest of the interrelated data necessary to a successful hiring operation.

The systems produce reports covering, for example, utilisation summaries, profit and loss by vehicle or plant item, branch analyses, service alerts and audit trails.

The three systems on offer link into Cado's standard accounting software and any of the systems can be set up, together with the general accounting suite, on the smallest configuration of the Cado IV for around £12,000. More details from Mike Kilmartin on 0934 415398.

As microprocessor technology advances, it is again becoming possible for companies other than the ICLs, CTLs and Digicos to describe themselves as British computer companies. The fact that the processor chips are American or Japanese and the parent company is Dutch is incidental; the UK is good at designing microcomputers.

Interset Computer Systems of Midsomer Norton (0761 232606) has now launched a business system based on its IS 2000 machine.

A typical small system, comprising two visual display terminals, the minicomputer itself together with 64K bytes of fast memory, 10-20 Megabytes of disc memory and a 180 character per second matrix printer costs £17,500.

The larger version with eight terminals, much more memory and a faster printer costs about £47,000.

The packages available on the system include modules for stock control, order processing, sales ledger, purchase ledger and nominal ledger. The IS 2000 was designed in the UK; Interset is a subsidiary of the Dutch company International Zet Centrum.

Meanwhile, Midlands Computing Centre, the Birmingham bureau division of Geest Computer Services, is the latest to offer a modern variation on the time-sharing theme.

It will sell you the use of a piece of a computer—the charge is the same if you use it all day long or if you use it once a day.

It is like having your own machine without having to make the initial capital investment.

The service is called MOLES. It runs on a Texas Instruments 990/10 minicomputer and all the user has to buy are his own terminals and printers. A vdu and printer might cost £3,700.

According to Chris Evans of the Computer Centre the cost of running a sales, purchase and nominal ledger system would be in the region of £7,000 a year with a licence charge of £250 for each package of application software. Chris Evans will explain the complete system on 021-643 4743.

LOMBARD

Mr. Lawson and Conservatism

BY PETER RIDDELL

THATCHERISM has always been more akin to a *coup d'etat* than a broadly based movement. Most Tory supporters and many businessmen may sympathise with the ends (*who does not want a lower inflation rate?*) but they remain markedly sceptical about the means. Consequently, the Thatcherites have been keen to broaden the base of their support.

Influential

The latest contribution came earlier this month from Mr. Nigel Lawson. His views matter since he occupies a key position in the generation of ideas about economic policy and in their implementation. Mr. Lawson is the most influential Financial Secretary to the Treasury for a long time; as such he is not exactly popular in either the rest of Whitehall or at Westminster. But neither his actions nor his words can be ignored.

Mr. Lawson's thesis is that the Conservative programme at the last election marked a conscious change of direction from the policies of both parties since the war; hence the title of his lecture was "the New Conservatism." He argues that over the past 25 years the Conservative Party has to a greater or lesser extent embraced the social democratic *delusions of the efficacy* of Government action and a commitment to the idea of equality. But "the New Conservatism" of the current administration represents a rejection of these "false trails" and a return to the mainstream and broad traditions of Conservatism.

At one level the lecture can be seen as part of an internal party debate and in effect a reply to Sir Ian Gilmour's appeal for a non-ideological and flexible Toryism. Politicians, like economists, all seem to have a need to *justify* themselves by reference to their ancestors. Mr. Lawson in theory deplores heresy hunting of this kind, though he concedes that "the New Conservatism" is more ideological than the traditional approach because there is now no common currency of ideas in politics.

The lecture is also of interest to people outside the ranks of committed Tory supporters, since Mr. Lawson seeks to make out the general case for the market economy. He cogently argues for a greater reliance on markets despite their undoubted imperfections, and in part because of the practical *imperfections of state intervention*. Similarly, Mr. Lawson justifies monetarist policies—he maintains that the need for them was only masked in the post-war period by the fixed exchange rate system and the non-inflationary policies of the U.S.

Mr. Lawson is much less convincing in arguing that this economic approach is inextricably linked to Conservatism. It may be true that in Britain at present these economic policies are only likely to be advocated with much conviction by Tory Ministers, though they may be adopted, without fanfare, by a Labour administration, as in 1976-78. Yet Social Democrats in West Germany and Austria believe that a commitment to monetarism and a market economy is perfectly compatible with their social and political goals of reducing inequality.

Paternalism

There are a number of people sympathetic to parts of the current economic strategy—notably as set out in the March, 1980, Budget rather than the June, 1979, Budget—who do not share the political values traditionally associated with Conservatism. They do not believe that a market approach to the economy need necessarily be linked with paternalistic and occasionally illiberal social policies and the protection of the vested interests of existing wealth. Mr. Lawson may paradoxically be in danger of undermining general support for monetarism and the market economy by identifying them so closely with Conservatism.

"The New Conservatism," by Mr. Nigel Lawson; price 75p (plus 15p postage), from Centre for Policy Studies, 15, Wilfred Street, London, SW1.

Match bright flowers with silver leaves for a modern setting

GARDENS TODAY

BY ROBIN LANE FOX

EXPERT GARDENERS like to complain about August. They say that their *plants look tired*, that their races are all over and that there is too much yellow. I can only presume that they are too exhausted to grow bedding plants, and that they are blind to the charm of nasturtiums. I assume, too, that they are not clued up about silver leaves. There are other pleasures, too, for August, the seed-heads on the fennel, the best of the large-flowered clematis and the blues and the whites of the hardy agapanthus, one of the garden's greatest gains in the past 20 years.

But I like it best when the bright colours of annual flowers are matched with silver leaves, a taste in which modern gardeners have added much to the boring old silver *Cineraria* and *Senecio* which plod along in the designs of park-keepers and minor garden designers.

Almost everything silver responds to trimming and multiplies from cuttings. They almost all have the same taste: dry soil and extremely sharp drainage. They are seldom much good on a heavy clay soil, but it is a fallacy that they are a dead loss in towns. Now that most city atmospheres are smokeless, you can grow good silver plants in any sunny garden where you can drain the soil properly. Buy one of each *sort* you fancy, and multiply them into 20 after their first season. Only a few artemisias are awkward from cuttings, while almost everything else *roots and divides* easily.

I am always on the look-out for good new arrivals in the silver plants. Over the past three years I think that the new form of deadnettle, called Lamium Beacon Silver, has proved its excellence. *For a* start, it breaks the rules of the preceding paragraph. It is best in a rich, damp soil in shade. There it spreads into a mass of pale grey-green leaves, silvered as if someone had showered them with paint. The mauve-*pink flowers are* quite in harmony and the whole plant is easily divided from small pieces begged off a friend. It is a pretty companion in front of a late pink rose like that fine, small-flowered variety, The Fairy.

Higher up, for *dry soils* only, I favour good clumps of a shrub called *Perovskia*. Its home, surprisingly, is the Himalayas where I would imagine the weather to be too wet for it. In the garden, it is one of the refined glories of August, a tall spire of grey leaves on grey white stems which cover themselves with lavender flowers. You have to prop it up to see it at its finest, some 4 ft high where the drainage is good. The best buy here is the form called Blue Spire, if you order it from a *reputable* nursery. *Mix* grit and sand into a light loam and allow it to face west or south.

Regrettably, I do not recommend the lovely white flowered Californian Poppy to any but the most adventurous and least complaining gardener. The chances are that it will refuse to settle in for three years, and then die. I cannot resist describing it because it is so marvellous. Perhaps if you live on a hot chalk soil, with a touch of play in it, you can face this lovely *Romneya* south or west and leave it for several years to run as widely as it wants.

When happy, its finely cut grey leaves go as high as 5 ft, and the huge white flowers are like satin round a centre of yellow stamens which rivals any peony. To see it is to want it, and in a private Sussex garden a fortnight ago I envied its expert owner to the point of *wanting to move to the far side of her brick wall* in the hope that its long roots would run underneath and go wild there, too.

In *a clump 10 yards wide* it had made a mass of white flowers which had been established for 30 years or so. The roots break and refuse to take hold *if you dig up suckers from* mature plants and move them directly. Pot-grown stock is your best hope, and I have heard it said with authority that it settles more easily away from the walls which gardeners usually try to force on it. Quite *hardy*, the *Romneya is a star* turn, though a spectacular risk.

Do I like Cotton Lavender? The question comes from a reader who is planning a formal *garden* in the French style, and wants to match it with blue lavenders, hyssop and the lovely white valerian? To be frank, I do not. The plants smell unpleasantly. The flowers are such a frightful shade of lemon yellow that people often ask whether there is a non-flowering form. To avoid them, you have to clip the bushes hard in May and again in early July. The naming of varieties is a muddle, *so you can never be sure* what you are getting.

When happy, their great mounds of silver-grey leaf become too large for most sites, like a giant footstool. You have to clip them every spring to make up *for the dead wood*. Nurseries have a way of selling you the one called *Neopolitanus* which is green-leaved and quite pointless. Like the fibrous-rooted begonia, this plant is best left to the French.

Instead, I would be content with the tough old *Artemisia splendens*, the pick of the *family* for its reliable habits and lovely mass of pale silver leaves, like foam in late summer. It reaches a height of two feet and should be cut back savagely in April. Anyone can grow it, as well as Lambrook Silver, a different plant if you remember to cut it fiercely in early July and stop it producing its awful stems of flower.

I put these two silver plants at the head of the list for civilised borders, matched with two plants which must be stopped from setting seed, the biennial *Verbascum* with its felted white leaf and the lovely silver salvia, a shockingly neglected plant whose hairy leaves glisten in the dew on a damp *August morning*.

If you stop these plants from flowering, they last for years in any dry place, quite equal to any recent winter on my cold soil. The *Verbascum* is more at risk to slugs, which eat holes in its delicious leaves, than to winter wet. If either plant seeds, it dies, but will leave a *host of useful children in unlikely places*.

Armed with these silver leaves, you can make free with the hottest annual colours, the orange daisies *and the brown* and orange *Rudbeckias* which can look too strident on their own. Personally, I like pinks, blue and silver leaves, or pale primrose and silver better than the hot summer yellow. In this, at least, I am at one with those *of you who mistrust the August* garden. But by mixing leaves with flowers, and keeping an eye for good *silver* and grey plants, you can make even a marigold look quite tolerable and raise a bed of daisies to the point where it is not too hot to look at.

Elkie returns in her best form

RACING

BY DOMINIC WIGAN

NO FAVOURITE won on the corresponding afternoon at Yarmouth a year ago when Paul Cook achieved a four-timer, and it could be a *similar* story at the seaside track today—despite the presence of Lester Piggott on a number of short-priced favourites.

My idea of the afternoon's best prospects is Elkie who goes for the Manby Selling Handicap won a year ago by 25-1 chance Rebecca Maid. Ken Ivory's compact chesnut filly by Habat out of the three times winner, Natasha, ran her best race on this course as a juvenile when in the frame in youthful company after being bought out of Paul Cole's stable.

Although she failed to make any impression in five attempts during the first half of this season, Elkie finally produced an encouraging run at Windsor 16 days ago. There the Radlett filly, whose trainer notched a personal best tally of 15 last term, showed that she was back to something approaching her best form with a third place effort in an apprentices race over six furlongs.

With an additional quarter mile in her favour this afternoon, Elkie—a confirmed fast ground specialist who has already shown her appreciation *for this track*—can take advantage of the stone she receives from Piggott's mount, Years Ahead.

Turning to Bath, where favourite backers had to wait until Taj Almidan's unrewarding victory in the finale a year ago, Smuggle looks capable of adding to the steady Sir Mark Prescott flow of winners with a win the Bristol Nursery.

Although it was only in a seller that the Newmarket representative just prevailed at Redcar a month ago, recent homework suggests that he has come on a good deal.

BATH

2.30—Hotheloo
3.30—Smuggle**
4.00—Sunset Wonder
4.30—Governor's Camp

YARMOUTH

2.15—Campton
2.45—Elkie***
3.15—Elegida
3.45—Amorous
4.15—Ankus*
4.45—Salty Susie

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. Credit cards. 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight 7.00 Aida. Tomor & Wed 7.30: The Coronation of Poppea. Fri & Tues 7.30: The Damnation of Faust. ...

THEATRES

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage): Today 2.45 (low price mat) & 7.30 SISTERLY FEELINGS new comedy by Alan Ayckbourn (mat Abigail-Races, eve Dorcas-Canvas). Tomor ...

THEATRES

WHITEHALL THEATRE. 01-930 7765. CC Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT NO PYJAMAS. Featuring Men Only Magazine's Sensational Playmates of the Year ...

... Group sales 379 6061. Evgs. 8. Mat. Wed. 3. Sats. 5 and 8.15. Beryl Reid, Barry Foster, Peter Bowles, Ian Waters in a new play by Peter Nichols. BORN IN THE GARDENS.

HAYMARKET. Theatre Royal. CC. 01-930 9832. Evgs. 7.45. Wed. 2.30. Sat. 4.30 and 8.00. LEONARD ROSSITER. PRUNELLA SCALES in MICHAEL FRAYN'S MAKE AND BREAK. Directed by MICHAEL BLAKEMORE.

LYRIC HAMMERSMITH. CC. 01-741 2311. Ton't 7.0. Subs Eves 7.30. Thur Mat 2.30. Sat 4.30 & 8.15. John Gay's classic musical THE BEGGAR'S OPERA. Book Now! LYRIC STUDIO: Until Sat Eves 8.0. MARIKA'S CAFE THEATRE. Book Now!

LYRIC THEATRE. CC. 01-437 3686. Group sales 379 6061. Evgs. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RODNEY BEWES. FRANCIS MATTHEWS in MIDDLE AGE SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS. TRANS. TO APOLLO ON MONDAY.

LYRIC. S. CC. 01-437 3686. Opens Sept. 2, 7.0 sub. evgs. 8.0. Sat. 5.30 & 8.30. DINSDALE LANDEN, NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS. Directed by Michael Rudman. Group sales box office 01-379 6061.

... immediately available for RSC in ROMEO AND JULIET tonight, Sep. 1, 4. AS YOU LIKE IT tomor. (mat.), Sep. 10, 18. HAMLET tomor. Aug. 29, 30 (mat.). Recorded booking info. (0789) 69191.

TALK OF THE TOWN. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. LONDON'S GREATEST NIGHT OUT. From 8 o'clock Dining and Dancing. 9.30 SUPER REVUE BUBBLY and in cabaret at 11. ANNI ANDERSON.

THEATRE ROYAL. Drury Lane. 836 8108. S. Denis Quilley. Sheila Hancock SWEENEY TODD. Broadway Musical—winner of 8 Tony Awards. Evs. 7.30. Mat. Wed. and Sat. 2.30. Group sales Box Office 379 6061. Seats from £2.50.

VAUDEVILLE. S. CC. 01-836 9988. Group sales 379 6061. Air-conditioning. Eves. 8.00. Sat. 5.30 & 8.30. Wed. mat. 2.45. IAN OGILVY, SHEILA GISH, JAMES COSSINS in STAGE STRUCK. A new thriller by Simon Gray.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mat. Wed. and Sat. 2.45. ANNIE. Group sales Box Office 379 6061.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Ton't. Tomor. 7.30. Brecht's BAAL. All seats £3.50, students £2.00 in advance.

CINEMAS

ART GALLERIES

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. 20th CENTURY ORIGINAL PRINTS — Braque, Chagall, Matisse, Moore, Picasso.

MARLBOROUGH GALLERY, 6, Albemarle Street, W1. Important Works by AUERBACH, BACON, BRAQUE, ERNEST, FEININGER, HEPWORTH, KITAJ, MOORE, SCIELE, SCHWITTER, SUTHERLAND. Until 10th Sept. Mon.-Fri. 10-5.30. Sats. 10-12.30.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Exhibition of Contemporary paintings of Kuwait, Oman and Saudi Arabia.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

TV/Radio

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 10.00 Noah and Nelly in Skylark. 10.05 Jackanory. 10.20 The Perils Penelope Pitstop. 10.40 Take Hart. 1.30 pm How Do You Do. 1.45 News. 4.13 Regional News for England (except London). 4.15 Play School. 4.40 Animal Magic. 5.05 Newsround. 5.10 Grandad.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Really Scent.
6.25 Medic 1-6.
6.50 Top Sailing.
7.30 Golden Soak.
8.10 The British Greats (Gracie Fields).
9.25 A Century of Tests: John Arlott tells the story of "The Ashes."
10.15 Bloomers.
10.45 Medical Express.
11.15 News headlines.
11.17 Kiss Me Petruchio.
12.10 am Weather / Regional News.

All Regions as BBC1 except as follows:

BBC Cymru/Wales—5.55 pm Wales Today. 6.20 The Good Life. 6.50 Newyddion. 6.55-7.20 Ask The Family. 12.10 am News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.10 am News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Mid-evening News.
7.10 Dallas.
8.40 Top Crown.
9.25 From the Proms.
10.15 Festival 80 from Edinburgh.
10.45 Newsnight.

LONDON

9.30 am Paint Along With Nancy. 10.00 Dick Tracy Cartoons. 10.10 "Captain Nemo and the Underwater City," starring *Robert Ryan*. 11.55 Barney Goggle and Snuffy Smith. 12.00 The Adventures of Rupert Bear. *12.10 pm Rainbow*. 12.30 Wild, Wild World of Animals. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.45 Fantasy Island. 3.45 Cabbages and Kings. 4.15 The Whisper of Glocken. 4.25 How. 4.45 The Best of Marc. 5.15 Survival.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 The Big Top Variety Show.
9.00 Chaos Supersedes ENSA.
10.00 News.
10.30 Mid-week Sports Special.
11.40 The New Avengers.
12.35 am Close: "Sit Up and Listen," with Della Smith who reads from the *Scriptures*.

All IBA Regions as London except at the following times:—

ANGLIA

10.00 am Story Hour. 10.50 Call it *Macaroni*. 11.15 Hanna Barbera Special. 12.30 pm Our Little Town. 1.20 Anglia News. 2.45 Hess. 5.15 Mr and Mrs. 6.00 About Anglia. 12.30 The Big Question.

ATV

10.00 am Fireside Theatre. 10.50 The Stationary Ark. 11.15 Animated Classics. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 2.45 The Outsiders. 5.15 Doctor Down Under. 6.00 ATV Today (including Police Five). 11.40 ATV Newsdesk. 11.45 Superstar Profile

BORDER

10.00 am Cavern Deep. 10.50 The Jazz Series. 11.15 Clue Club. 11.35 The Count of Monte Christo. 12.30 pm Wildlife Cinema. 1.20 Border News. 2.45 Fantasy Island. 6.00 Lookaround Wednesday. 11.40 Celebrity Concert. 12.35 am Border News Summary.

CHANNEL

12.30 pm Great Composers. 1.20 Channel Lunchtime News. What's On Where and Weather. 2.45 Fantasy Island. 5.15 Happy Days. 6.00 Channel News. 6.10 About-turn. 10.28 Channel Late News. 11.40 Police Surgeon. 12.10 am The Sound of . . . The New Seekers. 12.25 News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 10.00 Cavern Deep. 10.50 The Jazz Series (George Chisholm, Carold Kidd, Jack Emblow, John McLevy). 11.20 Tarzan. 12.30 pm Stars on Ice. 1.20 North News. 5.15 Mr. and Mrs. 6.00 North News. 6.10 *Wild Wild World of Animals*. 10.30 Reflections. 10.35 WKRP in Cincinnati. 11.00 The Wednesday Movie: "Picture Mommy Dead" starring Don Ameche. 12.35 am North Headlines.

GRANADA

10.00 am Story Hour. 10.45 Wild Canada. 11.35 Cartoontime. 11.45 Song Book. 12.30 pm Looks Familiar. 1.20 Granada Reports. 2.45 Young Ramsay. 5.15 Mr. and Mrs. 6.00 Granada Reports News. 6.05 What's the Word. 11.40 Spooner's Patch. 12.10 am George Hamilton IV.

HTV

10.00 am Cartoons. 10.25 I am Fijian. 10.50 Sesame Street. 11.50 Popeye. 12.30 pm Against the Wind. 1.20 HTV News. 2.45 The Outsiders. 3.45 The Good Neighbour Show. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 10.28 HTV News. 11.40 Electric Theatre Show.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm *Ffalabalam*. 3.45-4.15 Looks Familiar. 4.45-5.15 Ni a Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

10.00 am *Tena River*. 10.50 *Call it Macaroni*. 11.15 Then Came Bronson. 12.30 pm Target the Impossible. 1.20 News and Road and Weather. 2.45 General Hospital. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today News and Festival '80. 6.30 Happy Days. 10.35 *Superstar Profile*. 11.05 Champion of Champions. 11.30 Girl Talk. 12.00 Late Call. 12.05 am Police Surgeon.

SOUTHERN

10.00 am Little House on the Prairie. 10.50 Tandarra. 11.45 Larry the Lamb. 12.30 pm Stars on Ice. 1.20 Southern News. 2.45 General Hospital. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East Area only). 11.40 Barney Miller.

TYNE TEES

9.20 am The Good Word followed by North East News. 10.00 Canadian Celebrity Concert (Charles Aznavour). 10.50 Entertainment Special. 11.50 Cartoon Time. 12.30 pm Friends of Man. 1.20 North East News and Where the Jobs Are. 2.45 Wildlife Cinema. 3.15 The Story of Wine. 5.15 Mr. and Mrs. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 11.40 Power Without Glory. 12.40 am Have You Ever had a Vision?

ULSTER

10.00 am Cavern Deep. 10.50 The Jazz Series. 11.15 Untamed World. 11.40 Cartoon Time. 12.30 pm Stars on Ice. 1.20 Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 What a Job? 6.30 The Flintstones. 10.29 Ulster Weather. 11.40 Gardening Today. 12.10 am Bedtime.

WESTWARD

10.00 am Cavern Deep. 10.50 The Jazz Series. 11.15 Untamed World. 11.40 Larry the Lamb in Toytown. 12.30 pm Great Composers. 1.20 Westward News Headlines. 2.45 Fantasy Island. 5.12 Gus Honeybun's Birthdays. 5.15 Happy Days. 6.00 Westward Diary. 10.31 Westward Late News. 11.40 Police Surgeon. 12.10 am The Sound of . . . The New Seekers. 12.25 Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.00 am Story Hour. 10.50 The Count of Monte Cristo. 11.35 Our Little Town. 12.30 pm Our of Town. 1.20 Calendar News. 2.45 Tandarra. 5.15 Stay Alive Goes Exploring. 6.00 Calendar (Emley Moore and Belmont editions). 11.40 *Paris*.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 8.00 Peter Powell. 11.00 Dave Lee Travis with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.00 *Radio 1 Mailbag*. 8.00 David Freeman. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve *Jones* (S). 7.32 Ray *Moore* (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 Bob Kilbey (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Funny You Should Ask. 10.30 Hubert Gregg says Thanks for the *Memory*. 11.02 *Sports Desk*. 11.03 Brian Matthew with Round Midnight at the Edinburgh Festival, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice Part 1 (S). 8.00 News. 8.05 Your Midweek Choice Part 2 (S). 9.00 News. 9.05 This Week's Composer: Berlioz (S). 10.00 Music for Organ (S). 10.40 Suite in the Olden Style by Vincent d'Indy (S). 11.00 Edinburgh International Festival Concert—Part 1 (S). 11.50 Festival Comment. 12.05 pm *Festival Part 2* (S). 1.00 News. 1.05 BBC Northern Symphony Orchestra (S). 2.20 Bassoon and Piano recital (S). 3.15 Holmboe String Quartets (S). 4.15 Austrian Church Music of Haydn's Time (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡and mono only from 6.20). 7.00 Music Now. 7.30 Proms concert Part 1: Mozart, Strauss (S). 8.20 Six Continents. 8.40 *Proms Part 2: Berg, Bruckner* (S). 9.35 Vivaldi (S). 9.45 Scientifically Speaking. 10.30 Paul Tortelier (S). 11.00 News. 11.05-11.15 Beethoven (S).

VHF Only—Open University—6.00-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. *7.00, 8.00 Today's News, 7.30, 8.30* News headlines, 7.45 Thought for the Day. 8.45 The Call of the Wild (3). 9.00 News. 9.05 Mid-Week with Valerie Singleton. 10.00 News. 10.02 Pick of the Bunch. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Robin Ray with records (S). 12.00 News. 12.02 pm You and Yours. 12.27 The 27-year Itch (S). 12.55 Weather; programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre. 4.00 *Solemn Vespers* (S). 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme News. 6.00 News. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Person to Person. 8.45 File on 4. 9.30 Kaleidoscope. *9.59* Weather. 10.00 The World Tonight. 10.30 Rumpole (S). 11.00 A Book at Bedtime. 11.15 The *Financial* World Tonight. 11.30 Unforgettables with Edward Cole. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

6.00 AM Douglas Moffitt and Alan King. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight—Richard Robbins. 9.00 Jenny Lacey—Nightline. 12.00 LBC Reports Midnight. 1.00 am *Night Extra—Carol Allen*. 4.00 *Network*: "An 8.03 in Business Hours" (from Piccadilly Radio). 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 *Graham Dene* (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 Roger Scott (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Peter Young (S). 11.00 John Sachs's Late Show (S). 2.00 am Richard Allinson's *Night Flight* (S).

F.T. CROSSWORD PUZZLE No. 4,358

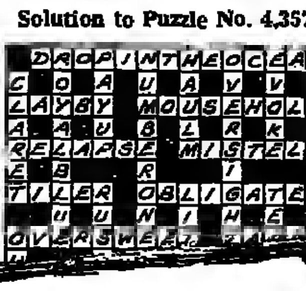
ACROSS

1 Scant fare—for the Rump Parliament? (5, 7)
10 Disposed as planned to be put out of game (4, 3)
11 Number one quite a few find disgusting (7)
12 Lifeless part of plainer training course (5)
13 She's unfairly headed (8)
15 *Leave Frank* to keep out of trouble (2, 8)
16 King Edward faced in Limerick (4)
18 Ought divines to give better *chances* (4)
20 Rushed to the scene to eat evening meal hotly spiced inside (8, 2)
22 Nut gents could make from metal (8)
24 Rice dished by sanctimonious act (5)
26 Face traps simpleton (7)
27 Baseballer sent to jug (7)
28 Enjoy whatever comes very much (4, 8)

DOWN

2 She hopes to get what's coming to her (7)
3 Birds of the sort K could produce (8)
4 Sound position to quote (
5 Lesser share of musical interval (5, 5)
6 Stars belted hunter with sword (5)
7 Tax link with dog (7)
8 There's no rush towards a comprehensive beano (3, 2, 4, 4)
9 Messenger carrier needing support from Pole (9, 4)
14 Small Sussex town gains victory over 2nd Division club (10)
17 Kill efficiency (8)
19 *Swindled girl in Ireland* (7)
21 Hold pin bent by mammal (7)
23 Smart putting oil on sea (5)
25 Agent outside right makes active (4)

Solution to Puzzle No. 4,357



American television

A new force in the ratings war

by FRANK LIPSIUS

The American television ratings race was enlivened this year by the sudden resurrection of CBS. Because ABC has dominated the ratings for the past three years, it was expected to continue its record with a schedule dominated by teen-age sit-coms like *Mork and Mindy, Happy Days, Two's Company* and *Benson*. As in past seasons, CBS got off to such a slow start that it also trailed behind NBC and gave that network hope that its new programming whiz, Fred Silverman, had finally found the formula to raise the fortunes of the perennial number three network.

CBS did not win a week's ratings till the sixth week of the season. When it did, the achievement was attributed to a fluke, especially because it involved high ratings for *60 Minutes*, a news magazine programme aired early on Sunday evenings in compliance with regulations meant to promote quality public-service shows at the expense of ratings. Yet *60 Minutes* turned up number one in the ratings.

From there, the ratings see-sawed all season. ABC got ahead with the Winter Olympics and both networks spent a lot of money showing notable film successes that cost them as much as $10m for a pair of screenings. CBS won only in the last week of the season, having benefited from high ratings for a two-part fictional documentary about the mass suicide in Jonestown, Guyana. The sweetness of CBS's victory has not been diminished by its being achieved by less than the accepted margin of error of the ratings services.

Robert A. Daly, who has been the president of CBS entertainment division since 1977, earned the credit for the network's success, though in an interview conducted in his Holywood office, he attributed CBS's resurgence to a long-term strategy that finally came together just as the popularity of ABC's established teen-age sit-coms had peaked and begun to diminish.

For its part, ABC had a "go-for-broke" strategy that diluted the concentrated strength it had in sit-coms on Tuesday and Thursday evenings. Instead of leaving its highly rated shows packed together as it had done in the past, it spread them round the week as evening lead-ins meant to bolster new shows scheduled to follow them. When the older sit-coms began to falter at mid-season, ABC had diluted itself out of number one.

Schedule juggling, a mid-season sport comparable with exchanging cards in poker, did not substantially change ABC's position. Every week was an open battle, dependent more on special programmes like television films and sports shows than on regular series. Meanwhile, CBS plied a patient strategy of changing as few shows as possible and, where necessary, changing a time period rather than deleting faltering shows altogether. *WKRP in Cincinnati*, a half-hour comedy series about life behind a microphone in a provincial rock-music radio station, finally won a following when shown on Mondays after a year of lacklustre success elsewhere. *60 Minutes*, which has been on television for ten years, became the top-rated series only recently, and *Dallas*, going into its third season, suddenly exploded in popularity.

Mr. Daly noted that the teen-age sit-coms on which ABC has relied are traditionally not known for their longevity. CBS's longest-running series, like *Gunsmoke, The Waltons, M.A.S.H.* and *The Jeffersons* have not catered particularly to teenagers, though they are, of course, critical to a show's success. Teenagers are considered more fickle and less loyal than adults. ABC moved one of its most popular shows, *Mork and Mindy*, to Sunday evening in the hopes of knocking CBS's strength with *60 Minutes*, but instead *Mork and Mindy* suffered against a revamped *Archie Bunker*, the American sit-com modelled on *Till Death Us Do Part*. *Happy Days*, by now an ABC perennial, was hurt this year by having its old shows in syndication, where local stations bought it to play five times a week in the early evening before the new regular weekly show was aired on national television.

While Mr. Daly would not say that teenage sit-coms were weakening as a genre, CBS did build its success on different kinds of programme. *60 Minutes* is an adult news show with four correspondents who tackle different subjects ranging from the fate of undergraduate athletes who learn nothing at university to the fate of the world as seen through the eyes of George F. Kennan, the architect of America's post-war containment policy. Mr. Daly attributes the show's success to the public's feeling that the correspondents promote the interests of the little guy. Viewers watch unfairness rectified and undigestible complex issues chopped into edible pieces. In quite a different way, the modern west of *The Dukes of Hazzard* appeals, according to Mr. Daly, to the same taste for irreconciliable but clear conflicts between good and evil.

And, indeed, one might assume, so must the phenomenon of *Dallas*, which generated a successful spin-off this season called *Knots Landing*. *Dallas* finished off the season with the episode of J.R.'s shooting, which had the highest rating ever attained by a regular series segment. Next season's episodes have begun filming on location in Dallas, where a crowd of over 300 bystanders gathered for the first day's shoot.

The question of who shot J.R. remains a closely guarded secret held by the top executives of the show's production company. All six prime suspects in the show are being filmed in scenes admitting to the crime and the chosen confession will be aired in the third or fourth programme of the new season, following the special two-hour première in the autumn.

As for the rest of the new season, CBS is promoting what it calls a strategy of "strength and stability." Though the network only squeaked into its final pre-eminence this season, the stability reflects a belief that shows take time to catch on as much as an expectation that the network can rest on its laurels. Three years ago, CBS premiered eight hours of new shows, a figure that has gradually been reduced to four and a-half hours for this autumn. Twenty shows will be returning and only two of them are in new time slots.

The subtlety of a network's strategy is not confined to putting the right shows in the right times. Each show is analysed in the light of its most successful stable mates. Even though *Knots Landing* is already a spin off of *Dallas*, it is being made to look even more like its progenitor. A 32-year-old widow named Abby Culver is being introduced in the series as an "antagonist (who will) drive the story forward and make things happen" the way J.R. does in *Dallas*. *Magnum, P.I.* comes into the schedule as a series about a Vietnam veteran who acts as a private investigator on the luxurious Hawaiian estate of an absent landlord. Put into the same time slot once held by the long-time favourite, *Hawaii Five-O*, the show is expected to capitalise on the formula of adventure in an exotic setting.

Two other new shows include yet another serial in the *Dallas* mould. Called *Secrets of Midland Heights*, it will have the same "broad canvas and interlocking characters and relationships" as the other two, says the CBS promotional release, but this time the characters will knock up against the traditions of a small college town dominated by its founders, the Millingtons. There will also be *Ladies Man*, a sit-com about a man surrounded by women in the editorial offices of a *Cosmopolitan*-type magazine, and to round out the new season, a feature-film derivative called *Freebie and the Bean* about two San Francisco cops whose contrasting life styles add spice to the routine of police work.

CBS can look forward next season to capitalising on the rebuilding it has done since first losing the ratings sweepstakes to ABC in 1977. America looks like it is getting addicted to these evening soap operas, and the network will have three of a week's 21 prime-time hours devoted to them in the autumn. ABC gets the season off to a strong start with its Monday evening football games. So CBS will find out just how strong it is competing with the football game, knowing that even a late start in winning weeks need not mean handing rating supremacy back to ABC.

The real danger ahead for the three networks is not the one-tenth of a rating point that separates them at their thinnest margins of victory. The whole of the commercial network system faces mounting competition from cable and pay-TV, which are quickly blanketing the country with a diversity of programming never before available. Already Robert Daly wonders what will happen to network screenings of theatrical films, which usually reach network television two or three years after their first release. That intervening time is now bound to be crowded with cable screenings, especially since the major film studios recently joined a pay-TV venture with the Getty Corporation, which already operates a cable sports network.

This year the ratings war was big news. Like the programmers themselves, America seemed more intrigued by the ratings than the shows. In carrying the week's Neilson ratings as news items, newspapers created their own CBS-style serial which remained unresolved till the very last week of the season. But ultimately this may just be the last hurrah of the major networks, which have begun film and other diversifying activities in the light of competition that may ultimately destroy the image of the slightly dim, monolithic, American television viewer.

Bette Davis talks to Mike Wallace on '60 Minutes'

Leonard Burt

Antony Howes (left) and Tim Taylor

Shaw

The Ticket

by MICHAEL COVENEY

Peter Terson's 12th play for the National Youth Theatre is the best from this author for a long time—certainly better than the last two given by the NYT in 1978. It opens up in vintage Terson style, with a squadron of young army recruits forming a seductively drilled background from which a chipper little skinhead, Private Strevitt, is humorously isolated. Life with the professionals is better than being on the dole, somebody murmurs, but the chief flaw of the play, which develops as a series of exploits aimed by Strevitt at getting out of the Army (or working his ticket), is that we never really know why he bothered to join in the first place.

Perhaps, after all, that is unimportant. But it does result in a theatrical arbitrariness, as one scene follows another rather than springing naturally from its predecessor in any sort of dramatic progression. Advised by a cynical veteran, Strevitt rejects the idea of pretending to be homosexual ("I like the lads too much") and launches himself on a series of comic attitudes: he is suddenly unco-ordinated on the drill square; his back goes; he takes up boxing in order to shine as a coward. All of the wheezes backfire, most powerfully when the sight of his Dad at the ringside inspires him to bloody heroism. He tries conscientious objection and, finally, religious eccentricity, coming on in an orange kimono and spouting rubbish about the Creed of the Cosmos.

He eventually works his ticket by setting about a tough locker-room adversary who has supplied bullets with which a sensitive loner has killed himself. At the end, you feel that this confrontation, and the plotting that sets it off, has been conveniently held back to finish the play. Nonetheless, Graham Chinn's production is brisk, smart and very well acted by an all-male ensemble. Antony Howes as Strevitt is inventive, convincing and powerful, and I also admired Tim Taylor's forceful Sergeant, Fidel Nanton's athletically ambitious squaddie doing his one-arm press-ups, and Angus Barnett's loony cameo as the potentially slowest gun in the West.

Gower Champion dies

Gower Champion, the choreographer whose hit shows included *Hello Dolly* and *Bye, Bye Birdie*, died on Monday as his new show, *42nd Street*, opened to acclaim on Broadway. Mr. Champion, aged 61, died in a U.S. cancer hospital.

A veteran of more than 30 years on Broadway and in films, he first achieved fame with a dance act with his ex-wife Marge, daughter of his ballet teacher. Their 25-year marriage was dissolved in 1973 after they had danced in stage shows in many parts of the world.

Mr. Champion became known as a top stage choreographer in 1960 when he took a handful of unknown dancers and made a rock 'n roll musical, *Bye, Bye Birdie*. This was followed, a year later, by *Carnival* and then came *Hello Dolly*, for which he won two Broadway Tony awards.

In Hollywood, he made *I do I do, Thoroughly Modern Millie, Till the Clouds roll by, Show Boat*, and many other musicals.

Albert Hall/Radio 3

English Music

When George Benjamin's *Ringed by the flat horizon* was first performed in March by the Cambridge Musical Society, I wrote about it here in glowing terms. The conductor on that occasion was Mark Elder, and he conducted it again at Monday evening's Promenade Concert; the orchestra this time was the BBC Symphony. The formidable impression made by the work on first hearing was if anything enhanced by this more confident and precise performance. The evocation of a thunderstorm (the title taken from Eliot's *The Waste Land*) is a minor miracle of pacing and timing; it was a stroke of genius of the 20-year-old composer to allow himself two climaxes—one for the flash of lightning and one for the thunder to follow. How much easier to have written a simple arch-form piece with a single, massive climax for the onset of the storm; the structure Benjamin chose is that much more interesting and more successful as a result.

The extra clarity of the BBC Symphony's playing gave added prominence to the woodwind lines that grow and bud as the storm gathers, and to the important cello solos that were rather masked in the Cambridge premiere. The second half of the piece, the perspectives foreshortened, now seems the most remarkable and individual section of the work; the sense of the harmony here is remarkably assured.

Benjamin's lessons with Messiaen notwithstanding, his piece fitted quite comfortably into a concert otherwise made up of English favourites. That is perhaps not quite the status of Tippett's *Praeludium* for brass, bells and percussion, though it seems to be a favourite with the Proms planners; even so, here it sounded wan and enervated. Delius's stream-of-consciousness lyricism and Walton's brassy *machismo* made a neat contrast in the remainder of the programme. Julian Lloyd Webber was the soloist in Delius's Cello Concerto, commendably resisting all temptation to dalliance, and keeping the music moving with a clear, bright tone; the orchestral contribution was notable for carefully detailed woodwind. *Belshazzar's Feast* was loud, and rapturously received; the chorus was the Toronto Mendelssohn Choir, generally agile and accurate with only occasional moments of uneasy chording, and the baritone soloist Willard White sounding appropriately heroic though his delivery could have been more dramatically pointed.

ANDREW CLEMENTS

Edinburgh Festival

Henry IV Part I by B. A. YOUNG

The Royal Shakespeare has chosen the two parts of *Henry IV* this year for its small-scale tour. The scale is indeed small, even though 23 actors are employed: the fighting is confined to soloists, and when Worcester and Vernon are sent off to execution after the battle of Shrewsbury, they make their exit unescorted. At Daniel Stewart's and Melville College, we have an empty square stage with the audience on three sides, a line of barrels at the back for Eastcheap, a line of banners above for the nobility, and a rough bench or stool here and there for furniture. There is no live music, only an off-stage harp to accompany Patti Love's Welsh song, and some electronic swoops like air-raid sirens to put much-needed extra excitement into the fighting. The costumes include some dubious heraldry.

Two performances are specially notable, Alfred Marks as Falstaff and Stuart Wilson as Hotspur. This Falstaff is not a traditional man-mountain; Hal's phrases like "huge hill of flesh" are no more than officers' mess jokes. All the same, the fat knight is mighty slow when threatened by the blades of Hal and Poins at Rochester. He slowly turns his back and walks off. Yet however cumbersome he may be in movement, he is swift, even graceful, in conversation; Alfred Marks is a most skilful comic, and he makes Falstaff's badinage sound delightfully fresh and original.

Hotspur is notable for a quite different reason. Mr. Wilson speaks the lines ably, but he seems to be playing not Hotspur but Richard III. His head, with a black bow in his long hair, lolls out from his bent shoulders as if he had not the strength to hold it upright. When he is not angrily biting his nails, he is chewing a raw carrot, which he slices with his dagger. There isn't a hint of nobility in him, whatever his words may suggest.

For the rest, the production, directed by Bill Alexander and designed by Douglas Heap, is a decent second eleven job. Bernard Lloyd gives the King all the dignity and authority he requires, and is particularly good where he is telling his wayward son (who has come to court in his shirtsleeves) the facts of 15th century political life. His son, alas, is rather short of personality as David Rintoul plays him—handsome enough, but a tennis-club hero rather than a battlefield hero. Not even a public-bar hero. He sometimes spoke so fast that I couldn't hear what he said. Poins (Simon Haywood) has for some reason become a cockney, and Bardolph (Jim Stern) is weak and apologetic.

I will tell you more about them all tomorrow when I write about Part II.

Turku Festival

Telemann's Pimpinone

The scope and ambition of the yearly Turku Music Festivals are expanding. A record number of visitors this year has encouraged the City Music Board to extend its length from six to ten days in 1981; not bad for a city of 164,000 souls and numbers of visitors both from across the Gulf of Bothnia and further afield come to listen to high-grade music-making by performers from Stockholm, Prague, Leningrad, Germany, Mexico, Spain, Britain and Finland itself. Osian Ellis, Peter Katin and the New London Consort represented Britain this year, but the Estonian Chamber Opera, from Tallinn, had to delay their visit to 1981. In their place a Finnish Festival ensemble gave four performances of Telemann's *Pimpinone*. This was by no means a scratch production.

Telemann wrote his short comic opera four years after abandoning Leipzig in 1721 for Hamburg, leaving the Saxons "to make do with Bach." One of some 45 operatic works, of which a mere six have survived, *Pimpinone* was originally entitled *The Faltering Marriage, or The Ambitious Chamber Maid*. Based on Pariati's libretto that Albinoni had set to music in 1708, the Hamburg version, part-German and part-Italian, was by Johann Philipp Praetorius, himself the composer of a mini-opera called *The Bass Viol* that paradoxically had lampooned Telemann and outraged the city fathers, who banned it.

But Telemann, too, had displeased his employers, who referred to the city Cantor in 1722 as the composer of unauthorised "operas, comedies and other lascivious pieces" and threatened him with the wrath of themselves if not of God. Could Telemann have had one of these worthies in mind in making the foolish old protagonist of his piece when deciding to wed his serving wench ensure that she has no interest in the forbidden arts?

Pimpinone saw the light of day as an intermezzo in three parts done between the acts of Handel's *Tamerlano*, a cross between the Italian Comedy and the German Singspiel. Unlike Pergolesi's far better-known *La Serva Padrona*, of 1733 and Donizeti's *Don Pasquale*, the identical story had a bitter-sweet ending. Though marriage is the price both Pimpinone and his Vespetta pay to achieve their ends, the final union is consummated with mutual recrimination and the ingenious duet that brings the curtain down combines the major key for the girl with the minor for the willing gull whom she has ensnared.

The war of the sexes is expounded with wit and tempo in the music, played here with much spirit by 11 members of the City Orchestra under their regular musical director Pertti Pekkanen, who, like Louis Frémaux, a one time military bandleader and a disciplinarian, knows exactly how to bring out the mixture of baroque and romanticism in the delightful score. The Finnish National Opera's Seppo Nurmimaa designed an enchanting setting: a downstage wooden platform, such as a troupe of travelling players might use, against a monochrome city-scape backdrop.

Margareta Haverinen as the aggressive Vespetta is a real discovery. Equally effective in the turbulent and the sentimental sections, she sings with assured eloquence and impeccable technique.

OSSIA TRILLING

FINANCIAL TIMES
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De-mystifying the Budget

IT IS excellent news that the House of Commons Treasury Committee will put Budget reform high on its agenda as soon as Parliament resumes. For a text it now has the brief and pithy report prepared by a small committee under the chairmanship of the late Lord Armstrong—another invaluable piece of spadework by the Institute for Fiscal Studies. With an appropriate committee to take up the running in Parliament, it may not be too dewy-eyed to hope for some action this time.

Obsession

It now seem to be a hallowed Treasury practice that every incoming Chancellor shall decry the whole ritual of the British Budget, and then carry on performing it as if nothing had happened: but as the Armstrong Report points out, the whole procedure is highly unsatisfactory.

Born of the British bureaucratic obsession with secrecy, it presents Parliament annually with what amounts to a fiscal *fait accompli*—whose true meaning is concealed by the fact that only one side of the balance sheet, and one largely misleading figure from the bottom line, is presented in any detail.

The expenditure counterpart to the Government's revenue proposals is concealed in various kinds of funny money, so contrived that it is difficult to compare Budget forecasts with White Paper plans, or actual out-turns with estimates.

The central proposal from Lord Armstrong and his colleagues to put an end to this nonsense is that the Government should present a provisional Budget each December, with both revenue and spending plans presented side by side in a common unit of measurement. This is entirely logical, but it may be unattainable.

Privilege

It is a treasured privilege of the executive arm of government to change its mind as far as possible in secret; and it would be understandable, if not justifiable, if the present or any future Chancellor should resist a demand to publish his provisional thinking. It might also be argued that the British taxpayer is already eager enough to anticipate any expected tax change by buying goods or transferring capital in advance of any tax changes, and that providing an annual instruction book would lead to an unwarrantable distortion of activity.

Fortunately there is no need to adopt a whole-hog approach to this report. Much that is most valuable in it could be achieved by a thoroughgoing reform of the White Paper on public spending, so that it included economic and revenue projections on *existing* policies for taxation. This would achieve many of the Armstrong Report's aims — an informed debate of the Government fiscal stance as a whole, a clear statement which would rub in the connection between spending and taxing, and *between* the *resultant* balance and the Government's monetary policy.

None of this need infringe the Cabinet's right to dither (otherwise known as "keeping one's options open"). The Government could avoid committing itself even to a forecast if it could overcome the Treasury's long resistance to constant-employment budgeting, which would offer a valuable guide to underlying changes in fiscal stance rather than cyclical accidents affecting the fiscal balance.

Indexation

Even this limited exercise would involve some other important changes. The Armstrong Committee suggests that the Government should adopt as a working assumption that all tax bands and duties stated in money terms should be indexed to some general measure of inflation. Some such measure is necessary both to make forward projections which will not go hopelessly astray if inflation takes an unexpected course, and incidentally to enable the Government to plan forward without making long-term inflation forecasts.

A general practice of indexation would also prevent large unintended shifts in the relative tax burden such as have occurred in recent years, and ensure that cuts and increases in the tax burden were called by their proper name. However, the choice of index and the degree of commitment may well prove contentious questions, as may some of the other valuable technical proposals offered. The important thing is reform is now on the political agenda.

Heavy going in Sweden

THE SWEDISH Government, a coalition of the three anti-Socialist parties in Parliament, is making heavy weather of its economic policy. Rising oil prices and sagging export demand are threatening the country with a current account deficit this year of about SKr 20bn (about £2bn), and the inflation rate has climbed to 13 per cent.

Moreover, the coalition of Mr. Thorbjorn Fälldin is finding that after 44 years of Social Democratic rule certain options are closed, or almost closed. In a nutshell, Mr. Fälldin is reluctant to emulate those governments that have accepted unemployment as the price of the oil crisis and the needs of economic regeneration.

Model

Given that Sweden for decades was widely held up as the very model of a mixed economy with a standard of living among the highest in the world, the word "regeneration" may sound stark. But Sweden does have its share of lame duck industries. Steel and the shipyards, once bywords for Swedish industrial prowess, are engaged in a slimming down process, often at the cost of financial support from the central Government. The pulp industry faces the need to achieve a greater depth of manufacture in the face of North American competition.

Inevitably, workers have lost their jobs. Many have been absorbed into an already inflated public sector, encouraging the OECD, in its latest report on Sweden, to hint openly at the existence of disguised unemployment. The official unemployment rate is about 2 per cent. The report cautiously criticises the transfer of resources from the private to the public sector reflected in a tax quota of 53.4 per cent of GNP, the highest in the OECD.

The conundrum for Mr. Fälldin's coalition of the Centre, Liberal and Conservative parties is how to channel back resources into the secondary, productive sector, without risking a rise in unemployment, at least for a time. Mr. Olof Palme, the Social Democratic leader and former Prime Minister, is standing by ready to accuse the Government of destroying the Swedish way of doing things.

Mr. Fälldin commands a majority of only one in Parliament over the Social Democrats and Communists combined. It is a situation in which the unexpected can easily happen. The fate of the emergency plan to raise excise duties and VAT, the latter to the European record level, could therefore be in doubt.

But even if defeated on a crucial part of the proposals, Mr. Fälldin may carry on. Under the constitution he need resign only if defeated on an explicit motion of no confidence. Mr. Palme has taken the view that an emergency session of the Rijksdag, such as that now called, is not the proper setting for such a motion.

That means that, failing the unexpected, Mr. Fälldin's Government will be able to put its longer term proposals once the Rijksdag assembles for its regular next session in October. The central proposal is expected to be an economy programme to lop SKr 7bn off annual Government spending, equivalent to some 5 per cent of the current budget. By 1984, the central Government deficit is to be reduced from 11 to 5 per cent of GNP. Doing so will be a matter of paring here and there — rather than lopping off a few big slices.

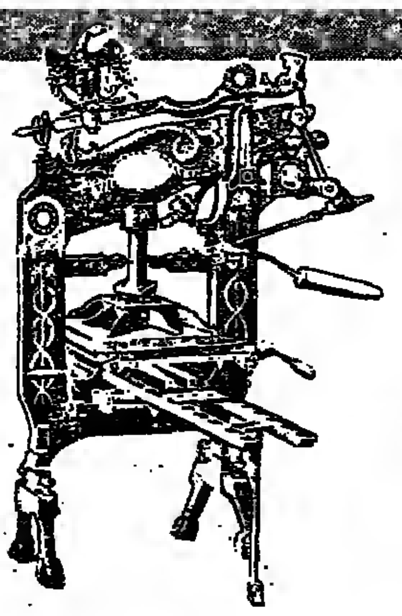
Mr. Fälldin's coalition may fairly be accused of poor timing. In the spring it waited until the annual wage round had degenerated into an almost unprecedented wave of strikes and lockouts before proposing a price freeze and wage controls when nobody wanted to listen any longer.

Clash

After that clash, which resulted in wage increases of 11-12 per cent, danger signals began to increase. But no long-term proposals have come from the Government. The increase in the inflation rate and of the external deficit could have been foreseen, yet things were allowed to drag on until emergency repairs became essential to damp down consumption and with it, the Government hopes, the external deficit.

In fairness to Mr. Fälldin, a majority of one is hardly a sufficient basis to change the life of a nation. His task is not to be envied.

THE BRITISH PRINTING INDUSTRY



QUESTION : What have education cuts, penetration of the motor industry by imports, the price of theatre programmes and cash-machine banking in common?

ANSWER : All are examples of the array of factors affecting—and depressing—British printing markets

PRINTED IN HONG KONG, CANADA, SINGAPORE, U.S.
● A selection of titles now or shortly to be on sale from major British publishing houses.

An industry under siege

BY ALAN PIKE

BRITAIN'S printing industry is still the largest in Europe. But it is facing a range of problems and is being fiercely challenged by foreign competition not only in its traditional overseas markets but also at home.

Next month the industry will stage IPEX-80, one of the biggest trade shows ever mounted at the National Exhibition Centre in Birmingham; it is second in size, it has been suggested, only to the Motor Show. But, the confident scale of IPEX will camouflage growing concern among many employers and union officials about the industry's ability to face the challenge from overseas.

The strength of the pound is repeatedly cited as the most direct and debilitating cause of the drift of printing from Britain. And the recent strength rise in sterling has hit British printers at a moment when the American industry, in particular, has the technology and capacity to greatly increase its interest in overseas markets.

Printing and publishing in Britain last year produced £2.6bn worth of reading matter and the total industry, including newspapers, cartons and manufactured stationery, had an output of £6.2bn.

These four sectors employ 250,000 people — some 160,000 of them in general print — and on one level their industrial relations record is impressive, with only 24 minutes per employee lost through disputes last year compared with more than 3 hours in industry as a whole.

But on another level many employers are convinced that demarcation problems and manning levels in an industry with a tradition of inter-union rivalries are inhibiting British printing's ability to face foreign competiton. These problems are intensified now that the British industry is competing not only against European and U.S. printers but new industrial countries where wage rates are low.

Items like books are easily cut out of family budgets at times of economic hardship. Also, printing contracts are one of the items which tend to come under particular scrutiny when companies and public authorities are looking for areas to trim.

There are many other factors which have depressed demand for printing industry products in Britain, but the impact of the examples set out at the top of the page will be apparent. Cuts in education spending, for instance, are taking their toll on an important section of the book market. The other two are less obvious but just as real: imported cars and other consumer goods are more likely to have their handbooks and instruction material printed abroad and cash withdrawal banking machines reduce the number of cheques written while the cash cards—unlike credit cards—do not have to be renewed annually.

Nowhere are the problems better illustrated than in book publishing. Some comparisons of actual recent quotations for particular books obtained from British and overseas competitors make as dramatic reading as any of the books themselves:

Dictionaries to text books

☐ A 25,000 print run dictionary which would cost £8.30 per copy to produce in Britain could be obtained from the United States for £4.69, even allowing for much higher freight costs.

☐ A 50,000 print run book for sale in Italy which could be produced for £2.34 per copy in Britain was offered from the U.S. for £1.61—the American price was below those quoted by Italian and Belgian printers, which were themselves well under the British price;

☐ A 40,000 print order book for which a British printer tendered at £5.87 per copy could be obtained for £4.85 from Italy, £4.57 from Belgium and £4.49 from West Germany;

☐ A 30,000 print run English text book obtainable at 39p per copy in Britain was available at 25p from Hong Kong.

These figures are leading both to British printers being increasing out-bid in international markets and to a rise in book imports to Britain. Statistics on book imports are imprecise because they include not only work put abroad by British publishers but also foreign language books entering the country and there is no breakdown between the two. A report by the British Printing Industries Federation (BPIF) says with delicate sarcasm: "It is difficult to believe that interest in the literature of some of the countries from which books are consigned is as great as imports suggest. It is probable that a part, and in some cases most, of them are ordered by British publishers and represent a loss of business for the British printing industry."

It is calculated by leading figures in the industry that the amount of book production being put abroad has increased by around 50 per cent over the past two years and is still growing—imports of books amounted to 25,437 tonnes in the first five months of this year compared with 20,747 tonnes in the same period of 1979. In an area where there are no certain figures it has been estimated that anything between 12 and 18 per cent of the work of British publishers is now going abroad.

The U.S., Western Europe and the Far East have all taken substantial amounts of work previously done in Britain. While paper prices are a factor in some instances the main price differences which are encouraging publishers to go abroad are those relating directly to the printing industry itself—type setting, printing and binding prices are all at least 20-30 per cent higher in Britain than in any of the three main competitor markets.

But it is not price alone which is affecting the British industry, as another of its troublespots — mail-order catalogues — demonstrates. About 60 per cent of this work now goes abroad, compared with 30 per cent five years ago. In a tight, highly competitive industry based upon changes in fashion like mail order, fast printing services, guaranteed "on-the-minute" delivery dates and high-quality colour reproduction are essential.

These particular problem areas for the printing industry —holiday brochures are a further example of valuable contracts which are falling to mounting foreign competition— come at a time when the general prospects for growth in the industry are modest. Printing inevitably reflects the state of the wider economy and a recent report to the BPIF from Mr. Willie Johnson, deputy managing director of BIS Marketing Research, suggested that total expenditure on commercial print in the UK would increase by only just over £100m between 1979 and 1984.

Slower economic growth, no further room for growth in some sectors of the market and substitution by cheaper media—such as businesses doing more of their own printing—were all identified as factors inhibiting hopes for any rapid expansion in the industry. And, Mr. Johnson said, while some companies would be able to expand at rates well above the average through creative marketing and application of new technology, there was little doubt that those which failed to do so would "find the going very tough in the latter part of this decade and untenable through the 1990s."

The good news is that while factors like the strength of sterling and high comparative energy and distribution costs in the UK are outside the printing industry's control, the industry is making efforts to attack some of its difficulties from within.

Last year, in response to pressure from the industry, the National Economic Development Council set up a Printing Industries Sector Working Party. Its members include some of the leading personalities in the industry who are attempting to develop the working party into a force for action as well as discussion. They have set up three action-teams concentrating on import substitution, export performance and competitiveness.

Mr. Bill Keys, chairman of the TUC printing industries committee and leader of the aciton-team on import substitution, is in no doubt about the seriousness of the problem of loss of printing contracts to foreign competitors.

"The high pound is crippling the industry. Raw material costs are crippling the industry. I believe that up to 60,000 jobs could go in the printing and paper industries and this is not just a figure clutched out of the air."

The sector working party has decided to on the attack. It is looking for ways of making the British industry more effective at picking up overseas work in spite of the sterling problem, and is organising an "Export Print for Profit" conference in London in October.

Small firm orientation

One of the central difficulties is that printing is still very much a small firm industry—some 62 per cent of companies employ fewer than 25 employees compared with only 2 per cent cent employing 500 or more.

A survey by the sector working party of printing companies involved in overseas markets found that many of the smaller ones were not satisfied with the service they received from their agents, but did not have the facilities to establish their own export organisations. One solution being considered is that small printers should be grouped into export marketing consortia, consisting of half a dozen companies which were not direct competitors, sharing a representative who would seek overseas business for them.

The other product of the sector working party so far has been a war on waste campaign. This may not, on the surface, appear very dramatic but it could prove to be so in both direct and indirect ways.

Materials represent up to 60 per cent of the value of a printing company's output—compared with 25 per cent for wages —and it is estimated that there is wastage of 20 per cent. The organisers of the campaign believe that this can be reduced by a fifth and in an industry which imports half its material this would, apart from anything else, cut £20m from Britain's import bill.

The productivity v. investment argument in the printing industry rapidly become circular. Many general printing and provincial newspaper companies have introduced new technology, with nothing to compare to the confrontation about the subject in Fleet Street which led to Times Newspapers closing down for a year. Union leaders, however accuse British companies of serious under-investment compared with their foreign competitors. Employers respond that they cannot invest more until they can get manning levels right. If the working party could break into this circle it would win a place in history.

Industrial relations in the printing industry are, in any case, in a very frail state at the moment. Last winter's National Graphical Association dispute—the most serious to hit printing companies for many years—has exposed severe divisions on both sides. The BPIF took on the NGA with a bout of employers' solidarity which proved to have a soft centre. Many companies ignored a national decision to suspend NGA members, while some took business from competitors which did follow the suspension policy. This has provoked an inquiry, which will report by October, into the whole future of the BPIF.

The employers have suggested that between 2,000 and 3,000 jobs have been lost as a result of the NGA action. Another estimate suggests that the figure will reach 5,000—and this comes from the leader of one of the industry's other unions. This is a demonstration of the level of bitterness which the dispute has left behind.

Redundancy agreements

"Of course the unions have a part to play in solving the problems of the industry, and we are trying to solve them," says Mr. Bill Keys of SOGAT. "There are companies where we have reluctantly agreed to large numbers of redundancies in order to improve productivity—we don't want the whole empire to collapse. But it isn't a question of working practices and wages alone—the industry is facing catastrophic problems arising from factors outside its control." Mr. Keys points out, for example, that the unions accepted 600 redundancies at William Collins, Glasgow, at the beginning of the year after the company had been through two difficult years.

One compensation for the printing industry's market being so prone to fluctuations elsewhere is that there is always hope of new growth areas opening up. The industry continues to look with some optimism towards further developments in areas like air travel and leisure in the widest sense. But there can be few markets for print which can grow against national economic trends: it is important that the British industry loses no more of its traditional work while the search for new outlets goes on.

MEN AND MATTERS

Explosive charges

Our former man in Tehran, Sir John Graham, who said farewell to the revolution earlier this summer, appears to have left in the nick of time. An Iranian official—a breed which seems to outnumber the man in the street these days—yesterday accused him of slipping dynamite and fuses to plotters against the Khomeini regime.

The credibility of the charge, routinely dismissed by the Foreign Office as "groundless," is not enhanced by the quality of the evidence. The man denouncing Sir John claims to have a thank-you letter from a Tehran vicar to a Pentagon heavy acknowledging receipt of $500m from the Central Intelligence Agency's petty cash tin.

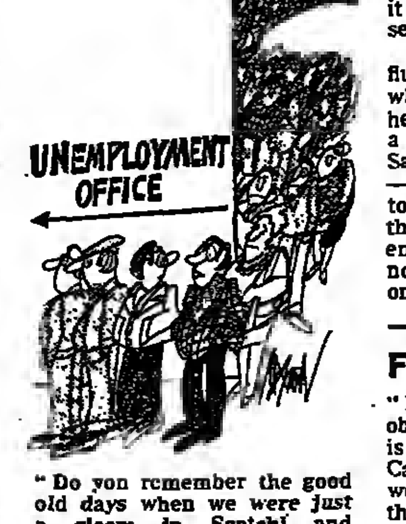
This chatty little note also observes, it is said, that Sir John took it upon himself personally to deliver the explosives to six *coup* conspirators.

All the allegations, although no doubt irksome to gentle Sir John (and probably worrying for our chaps remaining in the Tehran embassy) seem to be no more than an everyday hotchpotch of standard Iranian conspiracy theories, involving perfidious Albion with devious America and seasoned with "plotters" from the unloved Bahai sect.

By some oversight, however, the accusers have forgotten to include another favoured element—links with world Zionism —which might conceivably have caused some embarrassment to Sir John, who is at present in Saudi Arabia at the side of Lord Carrington.

Sleep-talking

The truth of the matter, my Lords, Ladies and gentlemen, is that it is becoming extremely difficult to stay awake after dinner. So exceedingly tedious is the modern breed of after-dinner speaker that the Guild of Professional Toastmasters



"Do you remember the good old days when we were just a gleam in Saatchi and Saatchi's eye?"

has not found anyone for two years worthy of receiving its Speaker of the Year award.

Guild President Ivor Spencer is keeping his collection of "most boring" nominations under lock and key ("until 2000" he assures me) but in the meantime he is striking out to liven things up a little. Having banged his little hammer and stood expressionless through countless dissertations ranging over ball bearings to political connivery, he has recently penned a slim volume offering tips on toasts and speechifying — and keeping the guests' heads off the linen.

The trouble is, he tells me, that while the professionals like Sir Harold Wilson, Clement Freud and Robin Day can be relied on to over-ride the effects of a hard days' work, sole bonne femme and a dousing in liquer, top class amateur pontificators —his favourite is footballing Geordie Lord Westwood—are all too scarce.

"A lot of people make the mistake of accepting a flattering invitation to speak," he says, "and then they don't work on it. A man like Lord Westwood will find out all the facts, make it topical, familiar, and it all seems so spontaneous."

But for all the somniferous influences which threaten to overwhelm him and his colleagues, he admits only once to having a quiet nod. "It was in the Savoy, and I leaned on the wall —a bad thing for a toastmaster to do. I was so tired and bored that I slipped down the wall and ended up asleep on the floor. But no one realised, because everyone else was asleep as well."

Failure success

"For a bright manhood," observed Bulwer-Lytton, "there is no such word as fail." In California's Palo Alto, they would be happy to argue about that. Failure Analysis Associates, spawned out of a Stanford University professorial brains trust, has seen its annual turnover rise sixteen-fold to $4m over the last four years, as companies seek its advice on how to turn their turkeys round.

Whether it be exploding cars, collapsing furniture or crashing planes, FAA will try to help. And lest this all sound like the basis for a comedy film starring the late Peter Sellers, FAA has in fact found itself involved in such grave and controversial cases as the alleged dangers of the Ford Pinto car.

"Where there's a failure, there's always human error," is the dictum of FAA general manager Charles Rau. But, says Rau, more companies are calling him in to foresee and forestall potential hazards rather than for post-mortems.

Rau professes strong ethical standards. "We have gone so far as to terminate our involvement with a client if we feel he is not proceeding in good conscience to address any serious problems," he says. But ultimately, his business has ingrained in him the virtues of pragmatism.

It's a knock-out

It has, so far, been more of a stagger than a run-up to the American elections. But the opera, as they say, ain't over till the fat lady sings, and six weeks still remain before the curtain runs down on the psephological arias.

To celebrate the no doubt felicitous choice which the American people will make on November 4, the English Speaking Union will be offering its traditional election-night hospitality. In a rare gesture of political unity, both Republicans and Democrats will be throwing their parties in the splendour of the ESU's Mayfair headquarters.

Veteran freeloaders of the 1976 campaign will remember the scenes in Charles Street as crowds of election-fevered young Americans milled around an imperturable comissionaire, craving admittance. Within, custom-built cocktails including a "Carter Bandwagon" and a "Ford Snowball" blurred for many the vision of a Democratic victory.

The ESU is once more soliciting recipes for a tipple appropriate to this year's contest. I can only wish them a success comparable to that of my own recent contest for a Bank of England cocktail, and from my depth of experience offer for their consideration the Carter Sour. Start with a base of Southern Comfort, pour on a liberal measure of cold water, and shake violently before topping-up with equal parts gasohol and Billy's Beer. Cheers!

Keyed-up

It is always a sad day when the receiver knocks on the door. None the less, I forgive one of my keen-eyed readers his twinge of mirth on learning that Francis (Clocks) Limited has been made the subject of a winding-up order.

Observer

FINANCIAL TIMES SURVEY

Wednesday August 27, 1980

Sri Lanka

Tea exports account for 40 per cent of Sri Lanka's foreign sales. Above: tea pickers at Nuwara Eliya

Terry Kirk

An about-turn in Sri Lanka's economic policy has been accompanied by changes in the style and manner of Government. There is no doubt that President Junius Jayawardene has a clear vision of what he wants to do, and a real but realistic belief in the benefits of economic liberalism.

All set for major changes

By Philip Bowring

THREE YEARS AGO Sri Lanka was free-wheeling gently down a road signposted "Burma." The ultimate destination seemed to be a gentle, tolerant, literate egalitarian rural slumdom. Then, with the entry of the United National Party Government of Junius Jayawardene, a 180 degree turn was executed and Sri Lanka now finds itself pedalling furiously uphill towards a neon sign marked "Malaysia."

Driving into Colombo from Katunayaka airport, adjacent to the nation's first investment promotion zone, the visitor is reminded of, say, Penang a decade ago. Large clearings are emerging among the coconut groves to accommodate the free trade zone factories. Shiny new yellow earthmovers, contrasting with the decrepit state of most motor vehicles, gouge out new roads. Hastily assembled signboards proclaim this and that garment factory. And fresh faced billboards advertise the consumer wares that the eventual reward of the factories, jobs and investment incentives. The view from the airport road is not of course typical but it is illustrative of the new attitude.

The comparison with South East Asia is apt too because Sri Lanka is quite deliberately trying to follow the course of its neighbours to the east.

President Jayawardene's admiration for Singapore is well known. More apposite may be the Malaysian comparison. Malaysia has concentrated government apending on winning greater output and productivity from the rural sector, while encouraging private and foreign investment into export manufacture as a way of diversifying the economy and absorbing labour.

The Colombo Government has consciously moved to a S.E. Asian development model, trying to throw off the mix of bureaucratic socialism and non-revolutionary Marxism, characteristic of the Indian subcontinent.

The magnitude of the Government's economic ambitions befits both the resource potential of the nation and its current rundown condition. Unfortunately there is a missing link: capital. The Government is trying to do three things at once:

- Repair and revitalise the economic infrastructure which has been decaying due to inadequate maintenance and reinvestment. The crumbling facades of buildings and ancient machinery on the roads, which are so Enoticeable to the visitor, are, in fact, typical and they result from years of putting consumption first.

Mahaweli Scheme

- Carry out a programme even more unusual for Sri Lanka—heavy investment in very long gestation projects whose economic returns will not be felt within the life of the presidential or parliamentary term. The main one is the Mahaweli Scheme aimed at achieving self-sufficiency in grains, settling the landless, and reducing dependence on imported energy.
- Release supposedly pent up entrepreneurial talents and encouraging foreign investment to achieve a broader and more efficient manufacturing sector able to absorb labour, earn foreign exchange and—perhaps most important of all—supply at moderate cost the consumer items which the populace is encouraged to see as the reward of toil.

To achieve these three goals simultaneously would be a tall order, at the best of times. These are not the best of times.

An open, export-oriented specialised economy is probably still a valid strategy for a small compact nation with an educated labour force and enjoying comparative advantage in several fields. But this is a very difficult moment, even when starting from a tiny base, to attract business when there are so many other free trade zones around the world. Overall development ambitions will inevitably be set back by the double blow in terms of trade deterioration resulting from oil price shock and recession.

An even bigger challenge than external conditions may be to change attitudes away from the welfare orientation of the past, which has stressed egality and the State's responsibility for providing basic needs, towards a society willing to tolerate, even encourage, greater accumulation of wealth, greater income disparity and a preference for goods over State services.

So far, the response seems to have been enthusiastic. There is around the country a clear sense of change and impetus, a feeling that the nation could be going places. Government successes in local and by-elections have been remarkable in a nation which never gives a ruling party a second chance, and even more remarkable given the high rate of inflation.

But tha Government cannot run forever on the spring fever induced by economic liberalisation, and paid for largely by foreigo aid. Sceptics ask, too, whether the Sri Lankan middle class has the entrepreneurial drive even approximating to that of the overseas Chinese who have been a key element in SE Asian progress.

The Government can claim credit for reducing divisions in the country by alleviating some of the problems of the Tamil minority. The Tamil issue remains a highly visible one, but it is not a major impediment to development. A much more fundamental problem persists—caste. Though not as pervasive as in India, it is a serious block to social mobility and indivdual enterprise.

Clear vision

The about-turn in economic policy has been accompanied by changes in the style and manner of government. There is no doubt that President Jayawardene has a clear vision of what he waots to do, a real but realistic belief in the benefits of economic liberalism.

He has shown a willingness to be tough, whether in the abolishing of food subsidies or using emergency powers to blunt the recently ended general strike attempt by Government unioos affiliated to opposition parties.

The President also wants to leave a mark on history. Critics accuse him of "monumentalism." There are suggestions of this in projects for a new capital and huge housing and urban development projects which are not very appropriate uses for very scarce resources and have perhaps damaged attempts to raise foreign funds for other enterprises. Even Mahaweli has not eseaped this criticism.

From a strict economic viewpoint there could well be better ways of spending Rs 20bn. But a scheme of this sort gives Government and people a sense of purpose and destiny that a lot of little schemes could not do. From a political viewpoint, the Government can stand the economic sacrifices necessary for Mahaweli only if it can ahow the people the physical reality.

The President will also want to go down in history for his constitutional changes which, if all goes well, should reduce the probability that existing policies will outlive the current Parliament.

The new presidential system is largely modelled on the Gaullist Fifth Republic Constitution in France—itself a so far little tested model. It gives the President substantial executive power, and partially separates the executive and legislature. They face elections at different times. The President has certainly been an effective executive but this may owe more to his personality and the size of the UNP majority in parliament than the presidency itself.

Electoral system

More important could be changes in the electoral system. A preferential vote system will apply for the presidential elections and a form of proportional representation to the Parliamentary ones. The effect, in theory, should be to reduce massive swings and give a little more say to minorities. Hitherto, Sri Lanka's winner-take-all Westminster system has meant huge changes in representation, resulting from relatively small voting shifts.

The change will mean an end to the huge majorities which have allowed the ruling party or coalition to change the constitution at will—as the UNP has done.

It remains to be seen what differences the major constitutional changes will make to the strength and stability of Government. One thing, though, is for sure. So long as democracy survives there will be electoral pressure for tangible results.

Foreign countries which either like the new policies, or at least see in the new dynamism a chance that at least one country of the subcontinent can reach economic take-off while preserving democratic institutions, should now be prepared to give Sri Lanka the fullest possible financial backing.

Given the increased superpower rivalry in the Indian Ocean, the West, Japan, Australasia, ASEAN and the conservative Arab states, should all be able to see the benefits of helping Sri Lanka to prosper and thus preserve a liberal economy and democratic political system.

Meanwhile, whatever happens in the longer-term, there is opportunity in the private sector for making money now. "Let the robber baroos cocem," proclaimed President Jayawardene, appealing for anything to create jobs and wealth. He meant it.

CONTENTS

SRI LANKA II

A welcome about-turn in economic policy

SRI LANKA'S economic policy about-turn has caught the imagination of aid providers, bilateral as well as multilateral. Aid commitments have increased dramatically. But those who want to see the new economic drive sustained will have to show continuing commitments if the Government's good intentions are not to he overwhelmed by unfavourable external circumstance aod the magnitude of the tasks.

Although Sri Lanka has always been favoured—relative to its small population—by providers of assistance, help is now forthcoming in record amounts. But there is still a strong argument that massive, unstinting assistance at this stage could make the critical differeoce in sustaining economic growth at around the 7 per cent level of the past two years into the medium term.

That is the level whicb is needed if Sri Lanka is to break out of gentile poverty to achieve the real per capita income gains registered by most similarly well endowed south-eastern Asian countries. Otherwise, 7 per cent could prove a two year wonder and Sri Lanka slip back to the miserable levels of the previous decade wheo per capita *GNP was stagnant. This year* growth is unlikely to surpass 5 per cent.

If Sri Laoka's progress is to be maintained, the investment programme must he sustained. Tbe pathetic economic performance of the past is readily explained by the low level of investment—averaging only 14 per cent of GNP. During 1970-1977.

Increased aid

In the past two years tbe level has been raised to 20 per cent and 25 per cent, respectively. That has been a consequence firstly of big aid increases and, secondly, of higher export prices during 1977 and 1978 improved terms of trade on exchange earning and government revenues.

But over the past year, both *have* been *severely* mauled. Tea prices have heen weak, cutting into revenue. And, overall, terms of trade have declined sharply largely as a result of import prices they fell 28 per cent last year and bave since slipped further.

Oil is only part of the problem. With hydro-power the main source of energy, net oil imports account for only little over 10 per cent of imports. But all import prices have been rising while tea, which accounts still for nearly 40 per cent of exports bas been falling.

Other than yet more aid, the ooly way out of the bind in the short-term is a severe cut in consumption, very difficult to opt for in a democratic system even for a Government as single minded as that of President Jayawardene; or a cut in the hope for the future—investment.

The Government cannot be accused of weakness in facing up to the situation. Indeed, its opponents have been able to claim that is bas been ruthless and bard bearted. Faced with the rising cost of capital projects and weak revenue growth, the Government took an axe to food subsidies in February this year, for the second time since it came to power. Prices of imported rice, wheat and sugar were allowed to rise to international levels.

The poor are still subsidised through a food stamp scbeme. But there is no longer a general subsidy.

These food price rises, combined with energy price factors, other imported inflation and domestic over-heating, combined to push consumer prices anything between (depending on the origin of the estimates) 30 and 40 per cent bigher in the first balf of this year, compared with the first half of 1979. For many people the impact was not quite as alarming as it appears.

Wages in many private sector industries almost kept up with inflation. Construction wages rose at an astronomic rate due to demand. Many farmers benefitted from higher market prices and good harvests. And the higher levels of employment increased family incomes, even while real individual earnings were falling. Many families were also helped by remittances from relatives abroad.

Liberalisation has meant that more workers are going overseas. And, more *important*, they are now remitting earnings. Remittances jumped to $50m last year, a threefold increase since 1977.

All that said, there is also no doubt that inflation has had a heavy impact on the real earnings of many people, most especially urban public sector employees. These also happen to be the most unionised and vocal and were the core of widespread strikes—intended by the opposition to amount to a general strike—which affected the country in July and August *and gave rise to a state of* emergency.

The Government seems to have just about achieved the subsidies removal without setting off a vicious wage/price spiral. But the exercise probably is not repeatable. The UNP still enjoys some honey-moon spirit. People may grumble about prices, but they still appreciate that goods are available and there is choice in the shops. That is an unaccustomed freedom.

But the novelty will wear off. Just how little room the Government has for manoeuvre is shown by the fact that even after the bold subsidy cuts the hudget current account is expected to show only a small surplus (Rs 430m), leaving almost all of the Rs 8.5bn capital budget to be met by borrowing Rs 5.4bn from overseas.

BASIC STATISTICS	
Area	65,610 sq miles
Population	14.35m
GNP	Rs 35.5m
Per capita	Rs 2,684.45
Trade (1979)	
Imports	Rs 22,839m
Exports	Rs 15,301m
Imports from UK	£55.2m
Exports to UK	£40.8m
Currency: Rupee: £1=Rs 38.02	

Tbough public sector capital formation in tbe past two years has been more than double the 1970-77 average of 6 per cent of GNP, most bas bad to be financed from abroad. All told, capital formation last year hit 25 per cent of GNP compared with a previous average of 14.5 per cent, within the private sector effort rising to 10.5 per cent from 8 per cent.

However, in the wake of unfavourable external developments tbe domestic contribution slipped to 14.8 per cent of GNP, not significantly higher than the 1970-77 average. Foreign savings financed 44 per cent of capital formation.

The pressure on resources is immense. For example, just to reach to the point where investors might be interested in investing in industrial or tourism projects showng fairly speedy foreign exchange earnings, the Government has had to make major commitments to long-neglected infrastructure, ranging from ports to telecommunications.

To encourage savings, interest rates have twice been raised sharply by keeping them within touch of inflation. One-year National Savings Bank *Deposits now earn* 20 per cent, compared with 7.5 per cent, three years ago. It is also boped that the increased cost of capital will cause it to he used more effectively.

Improved performance by public sector corporations should also raise the savings rate and the requirement that they now find most of their capital requirements either internally or from the hanking system on a commercial basis will belp government direct budget outlays to priority areas.

All these moves are in the *right direction* and *explain why* botb individual donor countries and the IMF (which bas extended a highly conditional extended fund facility loan) bave been impressed. But, in the sbort-term, they go only a small part of tbe way to bridging the yawning gap between Sri Lanka's ambitions and resources.

Crop exports

For example, there is almost notbing that can be done in the short-term to boost volume agricultural exports. The three main products—rubber, tea and coconuts—are all long-gestation tree crops. Indeed, because of past neglect and mismanagement of estates, tree crop production is at a static level. Last year, output of all three main crops (though above 1978) was below 1970 levels.

The Government has stepped up replanting rates, but mucb greater efforts are probably needed if ibe backlog of replacement of over-aged trees is to be overcome. Though economic returns from replanting —particularly of rubber—are high, replanting is not a spectacular affair, and results in a short-term production decline.

Field crops, on the other hand, are amenable to quick gains and the Government can claim some of the credit for a rise of 12 per cent in paddy output in 1978 and a further 2 per cent last year. The rise was partly due to rises in paddy procurement prices and an increased subsidy to hold down fertiliser prices.

The sharp increase in the price of flour this year, following abolition of the subsidy, is now increasing the demand for rice aod subsidiary fnod crops and is helping sustain paddy prices above support levels. However, the Government will have to remain determined that farm profitability is not eroded by rising prices for manufactures and pressure from the urban sector to improve internal terms of trade in their favour.

With iree crop output almost static, paddy is the key to *achieving the* 5 per cent *annual* growth target for agriculture for which the government is aiming. If achieved, it would reduce Sri Lanka's dependence on imported cereals to 30 per cent from 45 per cent and make it close to self sufficiency in rice.

The lifting of most subsidies and controls on food pricing are a major gain for domestic producers and are already baving a significant impact in redncing grain import volumes. Liberalisation in other areas, however, has bad its inevitable drawbacks. A few industries—most obviously, handloom textiles—have been hnrt by import competition or removal of subsidies.

Thougb manufacturers still enjoy beavy tariff protection, this is not quite so effective as the total import bans that nsed to apply to almost anything manufactured locally.

The lifting of bans on imported consumer goods—notably consumer durables—not manufactured in Sri Lanka and previously regarded as non-essential has shifted some spending power to imports and doubtless encouraged some luxury spending that, in theory, might have been saved. Most dramatically, motor cycle imports rose from 700 in 1977 to 18,000 last year, cars from 2,500 to 10,000.

Tbe fashionable residents in Colombo can now acquire, at a price, the latest gear, from cassette recorder to sunglasses and beachwear. It is difficult to estimate the impact of this spending on the balance of payments. At most though, it probably adds only 10 per cent to the import bill. This is part of the price to be paid for consumerist and capital incentives.

Some of the foreign exchange bill is offset by remittances previously withheld because of the shortage of goods to buy. The rush to import may, anyway, lose its novelty.

Meanwhile, import liberalisatoin has been a hoon to many industries which were previously operating below capacity, due to shortages of raw materials or spare parts.

Shortage of funds and a general antipathy towards further expansion of the State sector, and the sbortage of private sector companies with sufficient capital and skills, will probably act as a drag on major indnstrial projects. The outstanding exception is cement wbere new capacity is needed to meet the requiremnts of infrastructure and housing schemes.

For the time being, industrial development seems likely to be focussed on the investment promotion zones. The value added in these processing industries is normally not higb. There is little transfer of technology and even less linkage to other sectors of the economy. But they have an outstanding advantage of being quick-acting suppliers of jobs and foreign exchange—invaluable given the long gestation periods of most other projects. Sri Lankana are underneath a sometimes apparently naive enthusiasm quite realistic.

Tbey know that the first flood of investors (mostly from Hong Kong) came simply to grab some additional access to restricted Western garment markets. Tbis grab-it-and-run attitude may not be a form of industrial foundation, but it put Sri Lanka on the world export processing map more quickly than even local enthusiasts had thought possible.

Growth leader

Industry is hoped to be a growth leader in the next three to four years, with output (excluding crop processing) growing at 8 to 10 per cent. It sbould not be too heavy a burden on resources. Export projects are mostly labour not capital intensive and are to a great extent financed by investment from aboard.

Meanwhile, existing industries still have great scope for improved capacity utilisation.

Nevertheless, there is clearly a danger, according to a recent World Bank report, that public sector demands on available capital will squeeze out potential private investor projects, especially in small scale industry.

Indeed, it is a paradox at the heart of Sri Lanka's current economic probems that a Government truly devoted to free market and private ownership principles bas created a monster of public spending expectations.

Philip Bowring

Surge of new interest by foreign banks

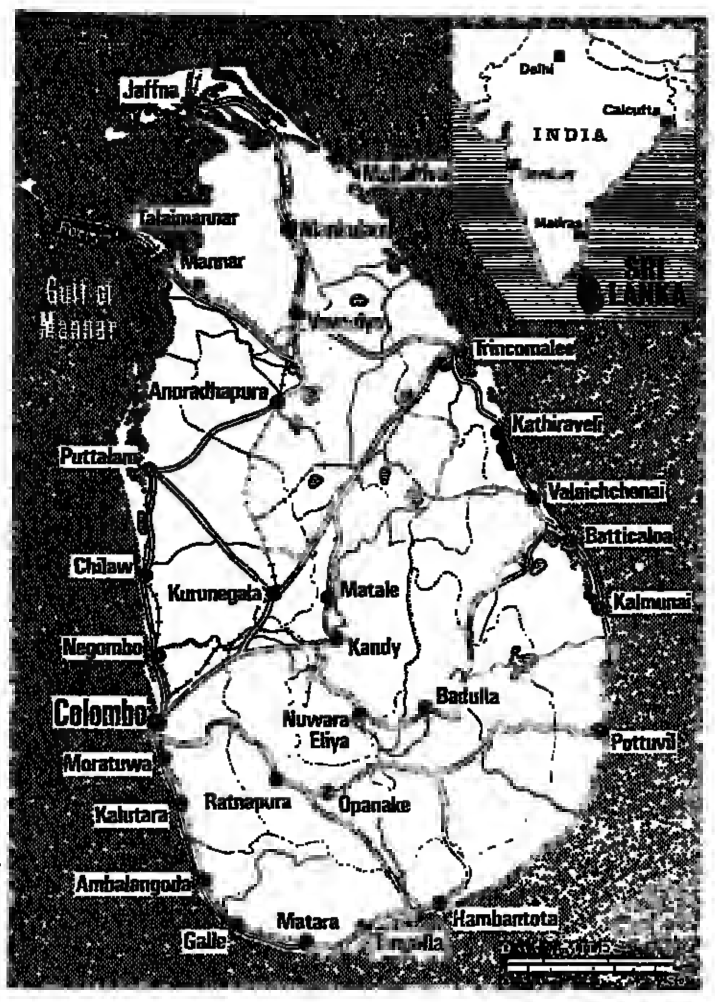
TWO OF the most dominating buildings in the font district in the beart of Colombo are the offices of the two old colonial British banks, the Hongkong and Shanghai and the Chartered. Until recently they had become accustomed to a singularly faded grandeur, declining slowly but surely to the run-down, dilapidated state of most of the city.

But now the interiors of both these commercial palaces are being torn apart for modernisation and refurhishment as commerca and capitalism are once again king of Colombo's Front.

For years under the previous regime all foreign hanks had lingered under the tbreat of imminent nationalisation and they were naturally reluctant to invest in the future. They wera on the brink of finally succumbing to State takeover wben Mrs. Bandaranaike'a Government was defeated.

Policy was reversed so sharply that nnt only were foreign banks allowed to stay, but new ones were encouraged to come in. Such has been the response to this, as to othar commercial liberalisations, that office space in the heart of the city is almost impossible to find. Such hanking newcomers as Citibank and Bank of America, wbo normally congregate in hoth comfortable and prestigious locationa find themselves thankful for the makesbift and slightly off-centre accommodation they have found.

Until the arrival of the UNP Government there were seven, long established foreign banks: three British colonial banks (HK and Sbanghi, Chartered and Grindlays), three Indian banks and the Habih Bank of Pakistan.



Liberalisation

Since liberalisation last year, 12 new foreign banks have been given permission. They include four American banks (Chase, Amex, BoA and Citlbank), three from the Arab world (BCCI, Bank of Oman and Bank of Dubal) three from Europe (Algemene Bank Nederland, Indo-Suez and European Asian) and one from Hong Kong (Overseas Trust Bank). In addition six more applications are now in the plpeline.

For most of the newcomers only Rs10m in capital had to be brougbt in, but that has now been raised to Rs50m.

The Government is especially keen to attract a Japanese bank. The Bank of Tokyo ia understood to bave heen considering setting np a representative office but a hranch may be longer in materialising due to tha forelgn branch rationing policy pursued by the Ministry of Finance in Tokyo.

Foreign banks are allowed one hranch in Colombo and one in the free trade zone. Exceptionally, the State Bank of India and the Indian Overseas Bank have been allowed outside the capital in a limited way hecause of their experience with agricultural lending which tbe Government is trying to foster.

To help put Sri Lanka firmly on the International capltalist map, the Government last year authorised tbe setting up of Foreign Currency Banking Units (FCRUs) permitted to conduct offshore business and business wtth the free trade zone entirely free from tax.

The idea of making Sri Lanka yet another "international financial centre" sounda a toucb grandiose or simplistic, particularly as major centres, (Bahrain and Singapore) are not far away either in time or distance. Total freedom from tax is no longer a novelty, and though Sri Lanka's communications with the outside world have improved dramatically, they are still far from perfect.

That said, the FCBUs could be a small bonus, helping the development of the trade zone, and perbaps belping to reduce spreads on commercial bank loans—botb trade finance and medium term—to which Sri Lanka may have to resort in larger measure than intended. All the commercial hanks have either already set up, or will set up, FCBUs. So far the total liabilities of the units are about U.S.$100m.

Banking law will soon be changed to allow foreign baoks to set up FCBUs regardless of whether they have a domestic banking licence. The Central Bank says it has had several inquiries from foreign banks which are interested in the offshore business but not in local banking.

Domestically, both foreign and local banks have been worrying that the expansion of foreign banks is outstripping the growth of husiness. So far, that bas not happened due to the surge in foreign trade, capital movements and remittances. Competition will get tongher but that is anyway what the Central Bank wants to see to improve local banking practice, and on the theory tbat the more foreign banks there are the more foreign investment will be encouraged.

Swift action

However, there are limits to the competition that the Central Bank will allow. Recently, in a bid to attract deposits, two newly arrived foreign banks started offering interest on current accounts. That was swiftly stopped and the banks told to compete on the basis of service.

Competition for funds is already marked and the fact that there are more institutions is likely to increase the level of activity in the money market. The possibilities presented by the Rupee money market, increased foreign exchange business and the creation of foreign currency banking units bas resulted in a money broker setting up in business for the first time in Colombo. The company, Bartleet, Macklai and Roy is a venture between one of Sri Lanka's best known trading organisations, Bartleet, and two Indian broking concerns.

The Government meanwbile has moved away from quantitative controls to interest rates as tbe way of influenciog money supply and credit growth. The freeing of interest rates naturally caused rates to rise—and savings to grow. The Central Bank's principal weapons are its rediscount rates which rise in stages to a penal 30 per cent.

Profitability

Competition for business and finer spreads in the banking field are certainly needed, judging by the recent profitability of banking. Banks' pre-tax profits increased 260 per cent between 1977 and 1979. Last year they were Rs 660m, 4 per cent of gross assets.

However, profitability could suffer from a big rise in operating costs due to—very desirable—expansion of branches in the past two years. Since 1977, 250 new branches have been authorised by the Central Bank, an increase of 40 per cent.

Domestic banking bowever remains lopsided. The bulk of business is in the bands of two State banks, the Bank of Ceylon and tbe People's Bank. Two private, locally owned commercial banks continue to flourish —Hatton National Bank, wbich is associated with Browns Group, and Commercial Bank of Ceylon, which is part Government owne dhut also has a link with Chartered Bank But both are small, relative to the State banks.

Particularly encouraging, both from tbe point of view of the banking system and of economic managers, has heen tha expansion of tmie and savings deposits. Tbey rose by nearly 50 per cant in both 1978 and 1979 in response to more realistic interest rates. Their sbare of total commercial bank deposits rose dramatically—from only 44 per cent in December 1976 to 56 per cent two years later and 61 per cent at the end of last year.

The scope for very rapid lncreases in banking business is further indicated by the fact that bank deposits are equal to only 23 per cent of GDP. Only 30 per cent of those deposits are outside the main urban areas. There is also much scope for decreasing the relative importance of currency, wbich still accounts for half of the money supply.

There is scope too for nonbenk institutions. Finance compenies are still very small but have recently become more visible and sbould particularly benefit if bousebuilding and consumer durable spending continue their rapid growth. Equipment leasing for construction and manufacturing industry is also a possibility.

In recognition of this, legislation to control finance company lending rates bave been introduced and the Central Bank is considering subjecting them to liquidity requirements —the banks must keep—interest free—with the Central Bank reserves equal to 5 per cent of time deposits and 12 per cent of demand deposits.

The Government is also anxious to revive the near defunct capital market and organise astock market. The Colombo Brokers Association publishes regular list of quoted stocks. But trades are few and many of the listed companies are in fact plantations awaiting compensation for nationalisation by the previous Government. There is aome debate going on as to whether, wben the compensation is paid, the companies ahould be wound up or whether the compensation sbould be invested in new commercial or industrial enterprlses.

Budget boost

The public listing of companies should get a boost from the last Budget. New investment incentives for certain types of indstry will only be given to quoted companies. Quoted companies get a general tax concession. They now pay 40 per cent compared with 50 per cent for ordinary companies. There is also tax relief for dividens of quoted companies. However, incentivea may not be much of a draw until there is a more active market in shares and until bank interest rates are substantially reducad or tax concessions on dividends are raised.

Other ideas for belping the capital market and tbe development of sbare ownership include setting up a unit trust—a World Bank team has been looking at that possihility. Indeed, with Sri Lanka now clearly back on the capitalist road there is likely to be a welcome of sorts for any schemes and institutions whicb allow for the making, and losing, of money.

P.B.

More incentives for investment

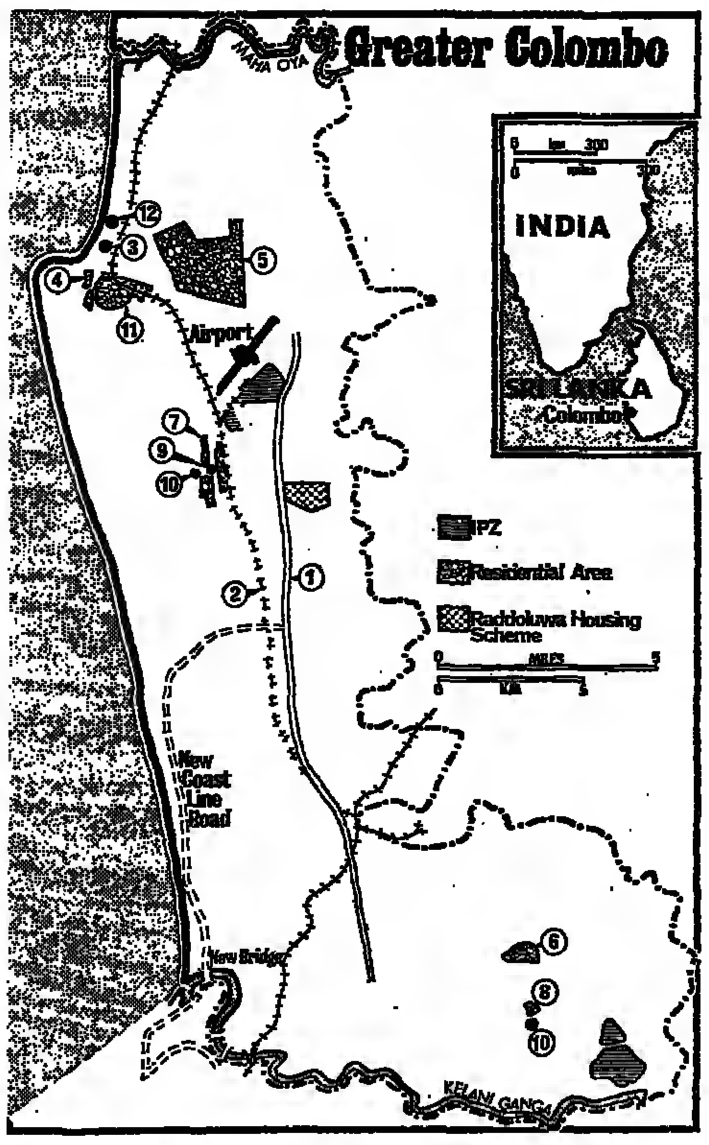
THE SPECTRE of the 1971 insurrection when thousands of well-educatad, jobless and disillusioned youth waged war for two months against impossibla military odds, still looms large. It has made employment one of the most urgent priorities in President Jayewardene's impressive campaign to restructure the island's economy.

As one of the three "lead projects" under his direct control, the first export processing zone, on 300 acres adjacent to Colombo'a Katunayake airport, is expected to make a significant contribution.

The *task seems* all the *more* imperative as prices treble in response to tha dismantling of subsldies and a suddenly liberalised economy, a revival of union agitation after years in *obscurity* and abont *800,000* unemployed in a 14m population; more difficult too in a year of 32 per cent inflation and further deterioration in tha terms of trade.

When tbe zone started operating in 1978, it was anticipated a mere 12,000 would be employed there in the first few years. Now expectations bave rise to a direct 50,000 and an extra 100,000 in allied services.

Progress was swift in the first year at Katunayake as Sri Lanka, boasting an 88 per cent literacy rate, promoted its easily trained bnt low paid workforce. Asian investors, their own free trade zones moving from labour to capital intensive, were the first to take advantage of the attractive concessions but critics viewed the new arrivals as "refugees from quota systems" in Hong Kong, Taiwan and Singapore.



KEY to other development projects in the structure plan of the Greater Colombo Economic Commission (GCEC): 1, road from Katunayale to Kiribathgoda; 2, railway improvement, Ragama—Katunayake; 3, Negombo road improvements; 4, slum clearance; 5, Katana New Town; 6, Biyagama housing complex; 7, Seeduwa New Town; 8, Biyagama housing and commercial complex; 9, Seeuwa Regional Hospital; 10, Seeduwa and Biyagama International Schools; 11, Kadolkele Township; 12, Negombo water supply and sewerage system.

Tax benefits

Aside from educated workers on $1-a-day wages, tbe incentives include 100 per cen tax exemption for up to 10 years (renewable), *unlimited* foreign holdings and free transfer of sbares.

After the 10-year tax boliday, income tax would be 2 per cent on sales to countries outside Sri Lanka (5 per cent on sales in Sri Lanka), and withholding tax on royalties and tecbnical service, payments would be 10 per cent. Foreign personnel are exempt from tax, and dividends to non-resident sbarebolders are remittabla tax-free.

The commission assesses proposals according to Sri Lanka's needs, so investment incentives are determined on the basis of bow much projects will generata employment, earn foreign exchange, develop technology and use local raw material.

Imports of equipment, construction materials and other inputs are free of controls and duty. Likewise, export controls are absent but export duties may be levied or exempted on finished goods in certain cases, at a rate depending on the captial investment and degree of processing of local raw materials and technology.

The flexibility of the Greater Colombo Economic Commission (GCEC) charged with developing the zone, "exemption from laws" and "waiving of red tape," have doubtless contributed to the taste of tha carrot, as have much vauoted political stability, central location and offsbore banking facilities.

Coconut groves made way for sparkling white factories and 6,000 youngsters found work, most of it in garment enterprises. At the end of the second year, however, the initial spurt slowed in response to the ever-tightening screws on the world's clothing and textiles industries. Fewer garment projects bave been approved and only 2,000 more jobs created.

The 58 local garments makers, *most* of them *wholly Sri Lankan* owned, started arguing about the 50-50 arrangement with the nin foreign or joint ventures inside the zone for the allocation of a newly-imposed U.S. quota.

GCEC officials empbasise that, from the outset, EEC quotas were reserved for factories out*side* tha zone. When the U.S. quota was imposed, bowever, it was decided—mainly because zone factories had geared themselves to the U.S. market and clearly bad the capacity—they sbould be allocated half.

Factories outside argued that, as they employed 27,000 workers against the zone concerns' 7,000, the allocation was most *unfair.* But *with quotas* allocated on performance, the GCEC maintains it is the zone factories who bave most to complain about; that, although they bad been operating only 16 months and employed far fewer people than their counterparts, their production had far outstripped local output.

Against this background, the attraction of *the first* electronics multinational to the island will not have come too soon. Negotiations are expected to be completed this month with an as yet unnamed U.S. corporation in *a deal* to produce computer components and employ as many as 3,000 in a siogle plant.

Agreement is the breakthrougb the GCEC has been waiting for after a massive promotion campalgn through Europe, North America and Asia. Special efforts to woo companies and bankers in California's "silicoo valley" appear to have paid off and the commission is convinced that once one big corporation starts nibbling, others will be quick to follow. Indeed, another U.S. electronics group is expected *before the* end of *the year.*

While electronics enterprises are forecast to provide the second wave of investment at Katunayake, a push is also on for diversification, not only to non-quota garments but to more industries based on local raw materials, at present mostly exported in semi-processed form.

Part of the reason for a slow start to the processing of traditional exports in tbe zone is perbaps the rider that "wbere dutiable, raw material is used, the domestic value added to the product should at least compensate for the revenue lost in waiving export duties."

In spite of the strictures on local private iovestment, bowever, *much* interest *has* been evident in the past few wecks in the prospects for tea blending.

In its short life-span, the GCEC has maoaged to attract Rs 959m ($56.4m) from foreign investors on binding agreements for 54 projects. With total investment at Rs 1.3bn, Sri Lankan input continues to be small and indications are that the ratio of imported components to local value added will be aven higher in the gradual move to more sophisticated industries.

Exports

The 23 factories already in production have logged up Rs 365m in exports, though none is yet operating at capacity. Projected exports for the 121 schemes so far approved are put at Rs 3.3bn, Rs 2.4bn of which would be tbe foreign component.

Most of the enterprises are joiot ventures, one of the more recent being a fishing gear venture set up by Rolf B. Sawal of Norway and Mr. C. Senanayake of *Colombo. LMK Browns* of Colombo is in collahoration with Lo's Mee Kwong Garments of Hong Kong. Gloweave Rubber of Colombo has collaborated with Halftonbach of Wset Germany to make rubber latex thread.

Minimum wages range from Rs 354 a month for *apprentices* to Rs 471 for skilled workers. The bill whicb the Government introduced to establisb the GCEC, gave the commission special powers to prevent the formation of trade unions and to vary the conditions of service. This was ruled inconsistent with the country's constitution, and the relevant clauses were withdrawn.

As a result, unchanged labour laws apply in the zone. From tha point of view of investors, this means, for example, that it is a criminal offence (save in obvious cases wbere a worker has committed a theft) to sack a worker witbout the consent of both tha worker and the Department of Labour — a provision against wbich employers in Sri Lanka bave rallied years, without success.

Port facilities

Basic infrastructura at Katunayake, at a cost of Rs 350m to the Government, bas been mucb slower arriving than customers were led to believe. Colombo port, however, has been improved and container facilities are heing installed with Japanese aid. Work is well ahead on widening tbe Katunayake-Colombo road and *extensions* to the *airport,* and an international direct dial system has been operating for several montbs.

Many businessmen working out of Colombo may have better appreciated an adequate telephone system in the city. The overloaded network, compounded by an overloaded bureaucracy, has been the subject of much criticism. But, if it seems impossible now, bow must it have been before the improvements were carried out? A Post and Telecommunications official is pleased to bave noted that the number of pbones reported out of order bas been balved to about 500 a day.

An electronic exchange (bought from CIT Alcatel witb balf the Rs 140m cost on a 15-year Frencb credit line) is to be installed next May to provide 9,000 extra lines and maintenance procedures on the present system are to be stepped up.

The GCEC's responsibility for infrastructure goes further than Colombo and tbe Katunayake zone. Twelve more projects are scheduled in its 160-square-mila area of authority, including a second investment promotion zone for beavy industries at Biyagama, south of Colombo, and a 15-mile expressway linking Katunayake with the port.

Both are expected to get under way before the end of the year. But, taken with railway, bousing and water supply schemes and 60 per cent inflation in the construction industry, the anticipation that the commission can stay within its Rs 350m budget for the next four years seems optimistic. The same applies to its chances of attracling private investment, both local and foreign, to meet the estimated Rs 3bn total costs of overall infrastructure.

Lately, bowever, foreigners and locals have shown interest in a number of housing projects for workers attracted to the investment zones. The same incentives as those for zone enterprises would apply. It is hoped private concerns will also take up the expressway and rail projects, initially the reaponsibility of the GCEC, as plans for public resources are *revised in the light of a further* widening in the trade deficit and soaring costs on its own and other lead projects, the Mahaweli *irrigation and urban* bousing schemes.

After several years of unparalleled growth and new prosperity, Sri Lanka's economic experiment is running into difficulties. Tbe international aid agencies which poured in so much capital in response to tbe President's open door policies, are trying to call the tune and *force further* cuts on an already revised davelopment programme.

Tbe Government, baving taken unpopular decisions in cutting food and other welfare subsidies to conform *with IMF* textbook policias, now faces growing demands for wage increases as prices for basic food items treble.

Instead of relenting with a wage rise all but promised last May, however, the President bas taken extreme measures against recent union atrikes and the promises have been replaced by long rhetoric about "*politically* motivated action."

With his threat to bring in legislation banning all strikes in the public sector and Sri Lanka's history of political volatility, the possibility of the President's being able to meet the electorate's raised expectation of better living standards and more jobs in the short term seems *more* and more remote.

Stephanie Gray

More industrial projects underway

EVEN DURING the rule of Mrs. Bandaranaike and her Marxist sometime allies, foreign investment was not necessarily a dirty word to the Sri Lankan government. To some extent it has always been encouraged—in theory.

Practice has been rather indifferent. To an outsider it comes as something of a surprise t ofind that the Foreign Investment Advisory Committee (FIAC), the body charged with helping the flow of foreign investment, was set up a whole decade ago.

It is less of surprise to learn that its total project approvals to the end of 1977 involved investment of a paltry Rs200m and most of that was in tourism. Government's genuine desire for foreign investment in certain sectors was not readily compatible with economic policies stressing import and price controls, and political pressures for nationalisation.

By contrast, in 1978, the first full year of the UNP Government, the FIAC apprnved 33 projects totslling Rs200m. But the snowball only really gathered pace last year when 113 prnjects were approved involving Rs2,065m in investment of which Rs1,214m was foreign, and with a direct job creation potential of 15,000.

The momentum is being maintained this year and the FIAC is looking forward to a doubling in approvals. At the half way mark, approvals in Rupee terms in money were at Rs2,127m, slightly ahead of the whole of 1979.

President Jayawardene is encouraging more foreign investment to achieve o broader and more efficient manufacturing sector, oble to absorb labour, earn foreign exchange and supply local consumer items at moderate cost.

Significant

FIAC investments have not attracted quite the same attention as those in the export zone, but they are probably as important in foreign exchange earning terms, and certainly more significant for the broad development of the Sri Lankan economy.

So far however, the majority of investment continues to be concentrated in tourism and, most recently, in construction or related fields connected with major foreign aided projects or with private sector housing schemes.

It naturally takes more time for most manufacturers to identify domestic market potential than it does to move into service industries or those, like garments, with small capital outlays. However, it is vital that the FIAC maintains its momentum and attracts increasing amounts of investment into manufacturing joint ventures, either for import substitution or to cater for foreign and local markets. A useful tool for potential foreign investors is a Register of Investors published by the FIAC with the names and interests of local companies with investment ideas but who lack capital and manufacturing skills.

One obstacle could be the widespread belief among foreigners that FIAC investments under the FIAC are limited to 49 per cent foreign ownership. In fact, this is merely a guideline and higher foreign ownership levels are readily negotiated.

Large foreign firms are conspicuous by being absent from joint veuture links so far. This may be partly because they prefer control and partly because they prefer large scale operations which may be beyond the horizon of local entrepreneurs.

Export oriented industries are, as everywhere, favoured with generous tax holidays and capital allowances. Pioneer and import substituting industries can receive equivalent incentives. However, under the latest guidelines, they must—unless they fall into the category of small and medium scale industries—be publicly quoted companies. This rule has the desirable objective of trying to revive the capital market and spread share ownership among a wider public. However, it could be an added problem for foreign investors for whom coming to Sri Lanka at all may be a major step.

The Sri Lankan market is also very small for many import substituting indnstries. The Government is aware of the dangers of high cost, inefficient industries being allowed. However, protective tariffs, normally of 50-100 per cent, can be negotiated with the Tariff Review Committee.

At present, manufacturing in Sri Lanka is dominated by the public sector—a consequence partly of nationaliaations, partly of direct Government investment in some fields, and partly the result of takeover of failed private businesses.

There will be no denationalisation, but the Government intends gradually to subject pnblic corporations to commercisl forces. They will have to look to their own resources, or the banks, if they want money for expansion.

The largest manufacturing sector is textiles, which accounts for 11 per cent of industrial output and employs (including the garment sector) 250,000 people. It is dominated hy the National Textiles Corporation, which has large integrated mills and is primarily in cotton textiles.

The private sector is fragmented and is mostly in synthetics and garments. The Government says that productivity in State mills has been improving, but admits it is still low. It recently made management contracts with four foreign companies—Bombay Dyeing, Lakshmi Textiles and Star Textiles of India and Tootal of the UK—to manage its five mills.

With only some relative minor new investments, the Government hopes that the injection of foreign management expertise will raise capacity utilisation to 90 per cent and drastically raise quality standards. At present almost all garments manufactured in Sri Lanka for export are made from imported cloth. This is partly because of the restricted range of local prodncts, but it is also caused by low quality.

Last year, industrial productioo rose by only about 4 per cent following 11 per cent in 1978. (These figures exclude processing of plantation crops, which has been virtually stagnant.)

A better performance should be recorded thia year as both Greater Columbo Economic Commission and FIAC prnjects start coming on stream in large numbers. The last quarter should also see the start up of a major urea plant. This will raise industrial output and reduce fertiliser imports. But whether it will do much good to the balance of payments remains to be seen as its feedstock will be high-value naphtha, a by-product of oil refining, which is currently being exported.

The urea case—which is sheer bad luck—shows how a small economy can be hurt by putting heavy resources into a single import substituting industry in the name of the airen call of self-sufficiency.

An industry which should have no such problems is cement and other construction materials. Cement demand now exceeds local supply and the State-owned cement industry is spending Rs600m to increase capacity. But additional iovestment will probably be needed soon and the Government says that the private sector will be allowed to compete with the State if it wants to.

So far, money has not been much of a problem for industries wanting to expand. But it could become so as more private sector schemes move from the planning to implementation stage, as Government industries are forced to rely almost exclusively on the banking sector for their financial needs, and as the Government's own domestic borrowing requirements are boosted by major schemes.

The private sector has a big challenge ahead of it—to meet the task of both expanding manufactured exports and increasing the supply and quality of wsge goods and consumer durables for the domestic market. Apart from capital and enterprise it will also need know-how. To some extent that can come from joint ventures and licensing arrangements with foreign companies. Bnt just as important are the skilled workers, technicians, and mechanics to operate the fsctories.

Sri Lanka possesses an adequate commercial and trading infrastructure. For foreign companies looking for joint ventures, the old plantation agency housea which survived by moving into new types of trade can provide steady and reasonably well managed partners and a modest amount of capital. But these hooses are by definition managerial rather than entrepreneurial in orientation. Though a few young industrial entrepreneurs have emerged, more are needed.

Sri Lanka has set itself the hard task in industry of emulating South East Asia, of emulating a region where business is dominated by those masters of entrepreneurship, the overseas Chinese. The same entrepreneurs who rushed to Sri Lanka when the door was first opened, set up FIAC projects almost overnight, and used them to grab access to the tightly restricted European and U.S. garment markets.

P.B.

Major effort to speed up river diversion scheme

WORK ON the giant Mahaweli River diversion scheme is at a feverish pace as dam builders move ahead of the September raios and settlers, shifting on to new land at the rate of 25 families a day, prepare for cultivation through the north-east monsoon.

The hurry is the result of the Government's 1977 election pledge to telescope five of the 11 major headworks, originally planned for completion over 30 years, into six. Urgency has increased as construction costs soar to more than double the estimates.

More jobs

Motivation in the largest development project ever attempted in Sri Lanka has been not only the need to create a basis for food and energy potential, but to aleviate unemployment. By 1983, work for 170,000 is expected to have been created in building jobs on the scheme.

In addition, the Mahaweli prngramme has the romantic dimension of being in part a reconstruction of sophisticated irrigation stems designed by kings 1,500 years ago. It is perhaps for this reason that the scheme has enjoyed the rare status of unbroken support from successive governments.

The original plan, mapped out by a United Nations/FAO team in 1968, envisaged the diversion of the Mahaweli Ganga and its tributaries at 12 points and the irrigation of 900,000 acres in the two-thirds of the country that is "dry zone."

Further to irrigation possibilities, the scheme is expecied to provide plentiful hydro-electricity to permit accelerated industrialisation and economic growth.

When President Jayewardene nndertook to complete five major reservoirs, he enjoyed remarkable success in attracting foreign aid interest to all the main components. But rocketing costs and pressure from aid agencies, some of which had underestimated their own budgets, brought further rephasing.

After a lengthy strategy study by the Dutch consultants, NEDECO, Victoria, Kotmale and Maduru Oya dams, along with associated downstream development, were identified for construction by the 1983-84 target. Work on the fourth, Randenigala, has been rolled back to a 1983 start and the Moragahakanda project deferred indefinitely.

The five are projected to generate 500-600MW of hydro-electricity and to irrigate 350,000 acres by 1985.

Britain's £100m grant for Victoria dam, the cornerstone of the scheme, slipped through just before the axe fell on the Overseas Development Administration's budget and work started in February with Balfour Beatty and Nuttals the joint contractors.

Victoria's hydro-power potential is highest of the three at 780 giga watt hour (GWH) units a year and its irrigation possibilities stretch to 108,000 undeveloped acres in two downstream "systems."

Progress has been smoother there than at Kotmale, a project partly financed by Sweden. Just as mschinery was set to move on to the site, geologists discovered faults in the bedrnck and the dam was rescheduled to go up 300 yards downstream. With the foreign exchange costs of this dam far from covered its height is almost certainly to be revised, cutting generating capacity from the planned 200MW to 140MW.

Work on the Canadian-backed Maduru Oya reservoir, on the site of an ancient tank, is not due to start until November. This dam hss been designed, ioitially at least, solely for irrigation.

In spite of the already large cuts in the Mahaweli prngramme to 1984, the foreign financing shortfall is estimated at $300m, caused principally by cost escalation but also by aid commitments having preceded many of the feasibility studies. Kotmale accounts for almost two-thirds of the gap and donor countries have been pressing for even further cuts. Such moves, however, are strenuously opposed by the Government.

At home, Mahaweli is competing for scarce public funds with the two other "lead projects," the Greater Colombo Economic Commission's free trade zones and the housing and urban development programme, including an extravagant new parliamentary complex. It is slotted to take up 29 per cent of total public investment up to 1984 and it is still not clear how the foreign financing gap is to be closed.

Much allusion has been made to securing funds from OPEC and Kuwaiti aid agencies and signs are apparently hopeful sfter representation st official levels. But, while both agencies have been extremely vocal, few if any solid commitments have been made snywhere, a reality Mr. Gamini Dissanayake, the Mahaweli Development Mioister, reluctantly admits.

Overseas funds

As a much emphasised last resort, Sri Lanka is planning commercial borrowing overseas. While it would have no trouble raising funds in international capital markets, it is feared that the scale of borrowing required could quickly push the debt service ratio from the present 10 per cent of foreign exchange earnings to quite unmanageable prnportions.

As an indication of how fast costs have been rising, it is pointed out that the $29m Polgolla diversion, the first stage of the UN plan which was completed before the Jayewardene Government took power, would now cost $100m.

The Polgolla project consists of a dam, a 40 mw power station aod two tunnels, one of them five miles long, thrnugh to the 130 acres first colonised in what is called "H system," near the Kalawewa reservoir. With cropping through both north-east and south-west monsoons, the project capitalised itself in the first two years.

About 5,000 families have been settled so far in H system. Each farmer has been given three acres, two-and-a-half of them for cultivation. He has also been given tools, seeds, and easy-term-loans from the rural bank. Schools, hospitals, town centres, training in cultivation practices, transport and many advisers have also been provided.

As construction progresses slowly on a subsidiary reservoir at Bowatenna, another 5,000 families from areas about to be flooded under the Kotmale and Victoria dams, are being moved in.

Consultants have warned against an over-rapid rate of settlement but the 25 families a day pace is a deliberate policy to galvsnise the people into action; to put them on a "war footing."

This policy could quite easily backfire. With some of the downstream development postponed it is feared water may be lost for irrigation in flooded rivers, a circumstance which led to widespread discontent among colonists in earlier settlements and is believed to have contrihuted to the anger which erupted in the 1971 insurrection.

The first sign of changes in the settlement pattern are to be seen in the new acreage being developed in H system. Large sections have been handed over to Government management, with settlers as labourers, and pilot plots of sugar, coffee and cotton are bringing encouraging results.

Another move in the effort to promote better results is being effected by the newly established Mabawali Economic Agency. The agency is charged with attracting entrepreneurs to ventures such as the establishment of tourist hotels near some of the more picturesque reservoirs and the stocking of others with fish. After much wrangling, however, the Ministry stopped short of handing over water and land management to the private sector.

Stephanie Gray

SRI LANKA VI

Big increase in rice production

LONG GONE are the days when Sri Lanka's traditionally agricultural economy provided enough to feed its population. In the ancient past, it even produced enough to be able to export cardamoms, cloves, cinnamon, nutmeg, pepper and rice.

Indeed, it is said to have been the whiff of spices that attracted the first Westerners to the island in the 16th century. Thosa early visitors were tha Portuguese. But while they, and the Dutch invaders who followed, left the pattern of agriculture much as they found it, the advent of British colonialism in 1798 almost entirely eradicated the traditional crops in favour of massive tea and rubber planting.

Now there are concerted moves to retrieve production, largely through intercropping on the present plantations with such items as coffee, cocoa, and spices, to bring much needed quick returns to an economy overloaded with long-gestation development projects.

Aside from these efforts, the most encouraging element of Sri Lanka's more recent history has been the spectacular growth of rice production.

The recovery of the peasant-owned paddy fields (which make up 30 per cent of the island's cultivable land) atartad in 1977 and followed more than seven years of stagnation. Principally because of favourable weather and the first results of the giant Mabaweli irrigation scheme, production rocketed to $80.4m bushels, a 34 per cent rise on the previous year's performance.

Aside from the good weather conditions, greater availability of fertiliser and institutional credit, and an enhanced guaranteed price for paddy of Rs40 a bushel (against Rs33), all contributed to another bumper barvest of 90.6m bushels in 1978.

Encouraged

Encouraged by the experience, efforts to raise production were intensified and a target of 96m bushels set for 1979.

Reduced intakea of fertiliser and adverae weather, however, kept last year's crop below the target at 92m husbels and, with drought having put paid to many of the hopes for the first season of 1980, prospects for further spurts are limited.

Although it is unlikely that this year's production will reach the 105m bushel target, a good October harvest could go some way towards evening output and it is possible that, next year, Sri Lanka may at last be able to halt its import orders.

Rice imports, however, are now costing Rs61 a bushel. Producer margins of paddy cultivation at home have declined as a result of higher costs, and the conditions for obtaining credit for rice growing have been tightened, mainly because of the failure of many farmers to repay easy term loans.

Coupled with the general increase in the cost of living, the erosion of producer margins will reduce the resources available for reinvestment. With most paddy farmers operating on very amall plots, production remains at subsistence levels and it is for this reason that experiments are being made in Government-managed tracts set aside for cotton, coffee and sugar-growing.

So encouraging have been the results from the latest trial plots of sugar that the crop may well overtake plans for rice on large areas of land in the north-east being developed for irrigation through the diversion of the Mabaweli River. Continuing problems of water mismanagement among paddy farmers will add impetus to plans for switching to the less water-reliant sugar caoe.

But sugar prodnction, although one of the early public sector industries, started in Sri Lanka because of its considerable import substitution potential, has been bedevilled with problems arising from Sugar Corporation'a inability to organise an adequate intake of cane.

Large scale State-managed cane plantations have been tried before, but Government policies of subsidising augar pricea have compounded the problems in the industry. As a result, after more than 20 years of effort, the country is able to produce only 8 per cent of its requirements.

The 26 per cent drop in production last year is put down to inadequate water aupply and cyclone damage. Consequently, imports rose hy almost 50 per cent to 241.449 metric tons, costing Rs 928m against the Rs 600m imports the previous year.

Clearly, import suhstitution prospects in sugar are considerable. The organisation of farmer settlements around a processing factory—as is done in India—would easily relieve the Sri Lanka Sugar Corporation of the apparently impossible task of setting up its own cultivation on a large scale. A realistic pricing policy would relieve tha eternal conflict between rice and cane cultivation among the farmers and it appears that this is one field where policy changes could evoke a quick production rasponse without having to wait for large scale capital investment.

One of the areas receiving increasing attention from the Government is the fishing industry, which despite the destruction of part of its fleet in the November, 1978 cyclone, estimates last year'a prodnction at 170,554 tons, a 9 per cent increase over the previous year. Liberalised imports of fishing gear and motors, vastly improved prices were more than likely responsibla for this improvement.

The Government plans to double fish production over the next five years. To thia end, an investmant of Rs 1.2bn, including a foreign exchange component of Rs 760m bas been alloted for subsidies on the purchase of craft, harbour construction, processing and research.

Dairy products

Continued attempts to hoost dairy production, however, are still meeting with failure. Last year's ontput estimated at 198m litres, showed a drop of 7 per cent and milk imports rose to Rs 479m.

The poor performance of the 1970s does not seem to have been reversed, despite the creation of a Ministry of Rural Industrial Development in 1978 to produce impetus to livestock development.

The main prablem continues to be the reduced availability and high prices of concentrates feeds and an investment programme costing Rs 398.4m over the 1980-84 period has been drawn up aimed at developing feed resources, strengthening dairy farms and providing marketing support.

Egg productien fared much better last year, registering a 20 per cent increase to 432m eggs. Higher demand for eggs arising from increased prices of meat and fish are more than likely responsible for the increase.

Although camplete figures are not available for preduction of minor food crops, a further decline is likely to follow the sharp deterieration in 1978, mainly due, again, to unfavourable weather. The fall was mosct pronounced in maize, kurakkan, chillies, manioc and sweet potatoe output.

Inadeqnate marketing and storage and the high cest of fertiliser have traditionally discouraged minor food production in Sri Lanka but the main factor in the more recent decline appears to he the government's pricing policy on food items. Heavy subsidisation of flour and rice, and sporadic imports under "buffer stock schemea" appear to have depressed prices.

Under incentives offered for bigber production the traditional hnt long-neglected "minor export crops" have been showing signs of revival. Though reliable information ia not available, mainly becausa plantings are small and scattered among the estates, it appears exports can he taken as an indicator of the trends. Higher exports of cinnamen, cloves, coffee, mace and cardamom were recorded last year.

Good pricea fatched hy these products, combined with hetter subsidy payments would have contributed to this rise and, as a result of the more favourahle outlook, new planting and replanting has more than donbled.

S.G.

Decline in tea exports

THE EXOTIC beauty of Sri Lanka's mist-clouded higb country tea estates stretches out across the convoluted hillsides south of Kandy.

In the distance, Adam's Peak, a place of pilgrimage for four religions, notcbes the skyline; the complex hills of Nurawa Eliya and Ramboda lead off towards the eastern plantations of Badulla and Passara and the farthest ridge of Madulsima before the jungles hegin.

Fresh cool air blows across the landscape from the mountains and, bere and there, are dotted tha carefully preserved homes and clubs of the colonial planters.

Such quiet splendour, however, belles the trouble facing the tea industry, by far the island's most important export sector.

The decline started mora than 10 years ago. Production from the 600,000 acres of tea is around 200m kilos a year, and bas declined by 8 per cent since 1966. Tea exports accounting for about 40 per cent of the country's foreign sales, have slipped from 35 per cent of the world total to 25 per cent.

While inclement weather and falling world tea prices may have contributed to this decline, the uncertainties associated with the land reforma of the early 1970s, and Government policies wbicb have discriminated against the industry, bave been more important factors.

Private estate owners neglected replanting and soil preservation practices long before the threatened nationalisation which took place. In the years between 1972 and 1976, under the former Government of Mrs. Sirimavo Bandaranaike. Some local companies are still waiting for compensation.

High taxation and inadequate allocations of foreign exchange for vital items, such as fertiliser and machinery spares, accelerated the deterioration.

While most of the disruption associated with laod reform has subsided, the industry has a long way to go before it starts to turn the corner.

No-one is soggesting that the 60 per cent of tea land under State cootrol be returned to private ownership. Investment on the scale required, after such loog neglect, would he beyond tbe means of most former planters. But complaints of political interfereoce hy his own men and allegations that some managers were stealing tea prompted President Jayewardene to take personal control of the sector. And, recognising that the basic problems remain unsolved, the Government prepared, with Canadian assistance, a master plan for the tea industry.

One of the report's principal conclusions dealt with the bewildering and growing array of institutions responsible for tea. Organisation, it said, was inadequate, with overlapping responsibilities, a lack of defined objectives, an inappropriate performance evaluation and reward system for industry personnel and, agaio, undue political interference in day-to-day operations.

In the light of these criticisms, it is surprising to see the estahlishment of eight regional organisations, though they were to have replaced the two State agencies controlling the industry — the Janatha Estates Development Board and the Ministry of Plantatioos Industries. The two departments, seen to be largely responsihle for heavy operational losses, are still very much iotact.

No plans, however, are being made to review the "inappropriate rewards"—mainly much-coveted new cars, for estate maoagers. Such perks, it is argued, are imperative if personnel are to be kept in isolated hill country stations in the absence of private aector wages.

Price support

Elsewhere, there have heen more positive moves to take the situation in hand. Export duties have been reduced and price support measures introduced to ensure adequate producer margins. Such margins are essential if, as propesed, Rs2bn of the projecled 1980-84 investment of Rs2.8bn is to be found from the industry's own funds.

The priorities of the Government's rehabilitatioo programme now include increased subsidies to promote replanting in the faster-growiog VP (vegetalive propagation) tea and more comprebeosive infilling, improved fertiliser subsidies, diversifiation of uneconomic tea land into other crops, the modernisation of about 800 factories, construction of better shelter for estate workers and efforts to persuade more Sinhalese on to plantations to replace traditiooal Tamil labour, repatriated under an agreement with India.

Though it is early days yet, progress so far has beeo disappointing. Replaoting aubsidies, at a maximum Rs10,000 an acre, are still inadequate.

Of tbe 7,500 acre yearly target, only 1,360 acres were replanted in the first six months of the year.

Diversification efforts too have fallen far short of the mark. Work bas yet to start on badly-needed housing schemes and, despite increased wages, most Sri Lankans are sceptical about the possibility of attracting any significant sinhalese workforce to the plantatons.

Added to the reluctance of Sinhalese to take on such arduous work is the task of persuading them to move from villages into isolated and seriously dilapidated lines—long domitory-like buildings away from other communities. Tbe prohlem is further complicated by the racial aspects. Sinhalese do not easily mix with the Tamil minority and, even if the policies were successful, they could well produce another group of problems.

The financial difficulties of the two State corporations, and the low level of producer margins generally, are to blame for last year's lack of investment. Tbe raised subsidies were expected to go some way towards countering the sbortage, but the scarcity of reinvestible funds is perennial and unlikely to be redressed until tea taxes are substantially reduced.

Difficulties

Maoy of the difficulties in the tea industry are mirrored by those on the rubber plantations with the major exception that prices in international markets have risen instead of declined. It is perbaps just as well that replaoting incentives have not been adequate in the case of rubber. There is a seven-year wait before a tree starts producing and there is talk of postponing much of the replanting to enable Sri Lanka to reap some quick profits from the more favourable prices.

Despite the urgent need to rehabilitate Sri Lanka's second most important industry, it is unlikely that the replacement of 45 per cent of the trees, as proposed in the rubber master plan, will go abead at anything like the pace envisaged.

The total area under rubber, estimated at about 550,000 acres, accounts for about 16 per cent of export earnings and 11 per cent of government tax revenues but ahout 38,000 acres has heen removed since 1972, primarily induced by the outlook then of greater profitability in alternative land uses — coconuts and tea — the uncertaintiea of land reform and the lack of assistance for rubber tree replanting.

Unlike the situation in the tea plantations, 65 per cent of the rubber acreage ia small holdings. Along with coconuts, it remains the responsibility of the two plantations ministries.

The British-sponsored rubber master plan ia as critical of the ministries as tbe Candian report. Further, the team which prepared the plan fonnd over-tapping, under-use of fertiliser, neglect of disease control and soil conservation, inadequate replanting payments and levels of taxes exceeding those of all the other major rubber producing countries.

Having identified the large potential benefits of investments in the rebabilitation of the rubber industry, the plan envisages a 30-year planting and replanting programme. It proposes an investment of Rs 2.1bn over the next five years, 30 per cent of it for replanting. A further Rs 2.7bn is to be invested in the following 10 years, but here, 90 per cent of it will go towards replacing trees.

The revival of the coconut industry, No. 3 on tha export league table with earnings last year of Rs 1.4bn, has been of such concern that a separate ministry was created in 1978 to give it the attention it deserves. It was especially urgent as, in that year, large sections of coconut smallholdings were devastated hy cyclone.

However, the Government has steadily increased its contribution to the coconut industry from Rs 11m, in 1978, to Rs 140m this year and, though production levels are still below those achieved in the 1960s, output increased last year to 2.3bn nuts. Export earnings increased due to higher purchase prices.

As with the other plantation sectors, increased foreign aid will he vital to the success of the plans to restore tbe formerly vigorous production. While there is little doubt that Sri Lanka needs some diversification away from agriculture to preserve it from the vagaries of world commodity prices and weather, causes of such abysmal neglect of the country's three major cropa ramain a mystery.

S.G.

Impressive potential for tourism

SRI LANKA is a sparkling island of deserted white beaches, exotic bill stations, ancient temples and capitals of kings, sapphires and amethysts, peacocks and elephants. With the extra delights of its cheerful people and perpetual sunshine, it well deserves the title, Serendib*, and its virtues bave not been lost on the ever-increasing thousands of visitors who flock to its shores each year.

Legend has it that the charms of Sri Lanka even captivated King Solomon. Nowadays, a determined promotion campaign in Europe and a general shift by Western tourists to Third World destinations, have conspired to make tourism the country's fastest growing industry. The campaign has brought tourism up the league table to become the number four foreign exchange earner.

While the traditional mainstays of the economy bave remained in the doldrums, the tourist trade bas registered a 20 per cent yearly growth rate. The increase in visitors—from 85,000 in 1974 to last year's 250,000—have pushed earnings from Rs 107m ($16.4m) to a more than respectable Rs 1.2bn.

Last year's coconut exports—at Rs 1.4bn—only just beat it to third place, after tea and rubber.

This year is likely to attract 300,000 visitors—and profits exceeding Rs 2bn. By the end of the 1979-84 Five-Year Plan, tourists are set to match the half million population of metropolitan Colombo and bring in more than Rs 3bn.

Such encouraging results are about to put tourism near the top of the Government's list of development priorities, especially as it is, to e degree, expected to soften the blows of deteriorating terms of trade.

If the performance is to be continued, it must be boped the Ceylon Tourist Board will keep control. There is evidence in other areas, including tea, that the overhlown apparatus of the State is starting to become unmanageable, and the board's success so far is largely because it has been left to its own devices.

Indeed, so successful has its campaign been that arrivals are far outstripping the estimates and the most immediate challenge is in providing enough accommodation, especially in the capital.

It will be several years before the Taj, the Hilton and the Sheraton change the city's skyline. In the meantime, a combination of pressing demands by other development schems on the construction industry and the limited number of local private investors sinking large sums into long-term projects, has resulted in such a shortage of botels that Colombo residents have been offered incentives to take in paying guests.

The impressive new Oberoi and Continental botels are each expanding by 200 rooms. And the gracious Galle Face, once the preserve of British tea planters, is bringing a neglected wing into service to help meet the demand.

The elegant old botel, with the Indian Ocean on its doorstep and a wide green stretching out along the sea front, is about to see some serious competition. Just across the road, the Tourist Board offices, the Ministry of Fisheries, military football ground and an old Dutch school are about to make way for the luxurious 500-room Taj, likely to cost at least Rs500m.

Other projects

By December, work is expected to have started on the Rs450m Sheraton next door to the Taj, on the site of a failed imitation of Singapore's night bazaar. Construction of a 200-room Ramada Inn, at a cost of Rs213m, is to start in the middle of next year at Kotte, three miles north of the city, near the President's planned parliamentary and capital complex, which will be called Sri Jayewardenapura.

Terry Kirk

Tourists taking elephant rides at Kandy

The starting dates for the 750-room Hilton depend very much on who you speak to, as do estimates of its cost. If it is built, it will be with Arab capital and as part of the Echelon Square town centre complex planned by the Urban Development Authority.

Cost estimates, based on 1979 prices, are likely to prove as optimistic as those for participation by local private investors. Among the incentives, the five-year "tax holidays" have been increased to 10 years and, with import trading expected to peak soon, more local residents are likely to take up the opportunities.

To ensure that the plans become reality, however, the foreign to local holdings ratio has been revised several times to the stage where 100 per cent foreign shares are now permitted on the condition that, eventually, 51 per cent must be made available to Sri Lankan ownership. Policies, it is emphasised, are to remain flexible.

Concessions for extensions to smaller hotels outside Colombo appear to have been more persuasive and, as few of the tourists spent any length of time in the capital, work is heing stepped up in the West Coast resorts in preparation for the October season. A quicker pace is all the more urgent in view of the failure, by a long shot, to meet last year's target of 1,400 new rooms—of which only 500 materialised.

Most of the hotels' patrons are "package tourists" from Europe. They stay two or three weeks, spending balf the time on the beaches and balf in the bill country and ancient cities. Of the Europeans, West Germans, long-time fans of Sri Lanka, still make up the dominant group. France and Italy are other traditional markets.

But with the fortnightly Laker flights, which started last month, many more pale British bodies are starting to turn up beside the swimming pools.

Traffic from India bas also been on the increase, especially since President Jayewardene liberalised import controls — most of the Indian visitors are apparently on shopping trips for such items as electrical goods and imported fabrics, which are restricted at home.

But the main attraction for the large numbers of Japanese are the gem mines.

There is a general feeling that package tourists just don't part with enough of their cash in Sri Lanka, and the move is on to attract more individual—and richer—travellers, perhaps to particular activities. Certainly, there is a good variety of likely pursuits to be tapped, most of them within three or four hours of Colombo.

Students of Buddhism, rock climbers and archaeology buffs are expected to increase in number as the world trend shifts towards more active holidays.

The range of possible holiday hobbies is almost matched by that of the types of accommodation, from star class botels at Rs 1,000 a night, and then down the scale through guest bouses and rest houses to tiny shecks perched on the beach, at Rs 100. In the immediate future, however, package tours are likely to remain the basis of the industry which bas created about 40,000 much-needed jobs.

Nearly 2,000 of those jobs are the result of the creation last year of the national airline, Air Lanka.

The task of rebuilding an airline (out of the former Air Ceylon) is a long and arduous one and largely the responsibility of the 70 staff seconded from Singapore Airlines. When they started, they were battling Air Ceylon's reputation in such areas as credit-worthiness, management and grounded aircraft.

After only a year in operation, routes bave been set up to eight Asian, four European and five Middle East airports. Offices bave been acquired in seven cities. One TriStar has been leased and two more ordered for delivery in 1982. Katunayake airport is now able to handle all 26 operators, and passenger figures are rising by a third each month.

A time of fierce competition between the world's airlines is not the most opportune moment to break into the business. Higher fuel costs, landing fees and inflation are but a few of the problems. "It's been tough all the way through," commented one Singaporean expatriate. "But we've proven now that we're viable."

Viable but heavily protected against "poachers." Air Lanka has a tight egreement with Laker that prohibitis the sale of any Laker tickets in Sri Lanka. But black market trading in its own tickets is said to be going on, as with prices in Singapore tickets are much cheaper than they are in Colombo. In spite of recently increased fares, however, Air Lanka's losses are estimated at about Rs 102m.

With Singapore Airlines' expertise and much improved infrastructure, further route expansion and what is to be South East Asia's first computer reservation system, the future looks as promising for Air Lanka as it does for tourism generally.

* *Serendib—An Arabic name for the island of Sri Lanka. From this name, the English man of letters, Horace Walpole, invented the word serendipity: the making of pleasant discoveries by chance.*

S.G.

Opposition wins important gains

ALTHOUGH THE opposition-controlled unions suffered the most disastrous defeat in the turbulent history of Sri Lankan labour, the events both before and after the general strike represent significant gains for the opposition as a whole, and for some of the parties individually.

The July 18 strike, which came just as the UNP reached the midway mark in its six-year Parliamentary term, was the first serious confrontation with organised labour.

Since the unions bave always been creatures of the political parties, particularly of the Left, the trial of strength was inescapably political. Predictably, the State-owned Press and radio presented the strike, and the subsequent *satyagraha* which turned voilent in Colombo, as "en attempt to topple the Government" . . ." a plot to disrupt the development programme" and "a conspiracy to scare away investors."

While supporters of the Right-wing UNP rejoiced over the electoral annihilation of all the Left parties, President Jayawardene seasoned in opposition politics gave public expression to his own anxieties. Noting that his Government faced a weak opposition, be specially regretted the exit of the veteran leaders of the socialist LSSP, Dr. N. M. Perera and Dr. Colvin de Silva, both ministers in Mrs. Bandaranaike's United Front Cabinet.

Old friends

It was not just the absence of old friends which saddened Mr. Jayawardene. Despite their Marxist origins and occasional recourse to revolutionary rhetoric, the leaders of the traditional Left were all proper parliamentarians, a condition which young radicals in their ranks and an emerging "new" Left regarded as ideological decadence, if not treachery. For the first time in 40 years, the Left had no spokesman in Parliament. Would the old soldiers be tempted into extra-parliamentary battles?

The Left leaders may have lost their seats, but they had retained much of their influence over the unions whose bosses were invariably drawn from trusted party cadres. A Government which had embarked on economic policies which involved the withdrawal of food subsidies and rapidly rising prices that hit the wage earner hardest had good reason to be worried about labour.

New labour laws to control the unions and make strikes virtually impossible, together with university "reorganisation" were pre-emptive blows on potential sources of unrest. The "atomisation" of the university has not prevented trouble on the widely spread out campuses but such unrest has been contained. Not so the unions which in July defied the emergency.

In the wake of the August 8 violence in Colombo, one of the first to be arrested was Dr. Colvin de Silva who took command of his party on the death of Dr. Perera, last year. An old school chum of President Jayawardene, be was released after nine hours. Alao questioned was another ex-Minister of the Socialist Party, Mr. Anil Moonesinghe.

The lure of extra-parliamentary action was made stronger by the steady barrage on the traditional Left by new Maxist groups, particularly the People's Liberation Front (JVP) which launched the youth insurrection of 1971. Its leader, Mr. Robana Wijeweera, pours a venomous scorn on the veterans of the old Left who, be says, suffer from "senile decay."

Mr. Wijeweera, in any case, harbours a visceral hatred of these Left leaders who, as Mrs. Bandaranaike's coalition partners, participated in the harsh repression of 1971.

The Castro-type Wijeweera has a charismatic appeal for lower-middle class youth, especially the village-educated, as bis stunningly impressive May Day procession proved. He bas been working bard to build a trade union base.

However, be bas his own predicament. Besides the fact that his party waa made legal and he himself released from jail by the present Government, Mr. Wijeweera cannot take on too many enemies. His youth gives him time, and time determines his tactics.

His main enemies are the Bandaranaike family and the traditional Left. The eclipse of the traditional Left would allow him the opening he needs to become the aole leftist force in the country. As for Mrs. Bandaranaike, he knows that if ever she returns to power she will go for the JVP with great severity.

Consequently, Mr. Wijeweera cannot be too hostile to the UNP. But if trade unionism means anything today it means anti-Government activity. His "double game" has been exposed by the SLFP, the Socialists and even by the pro-Moscow Communists, with whom he was quite friendly at one time because of his pro-Cuba, pro-Vietnam views. The unions have attacked him for his muted criticism of successive UNP budgets which have "heaped burdens on the shoulders of the working class."

Early this year, Mr. Wijeweera married the sister of the dynamic young president of the Ceylon Teachers' Union, the only union to admit to close links with his JVP. Last week, his brother-in-law denounced Wijeweera for his party's "neutral" role in the recent battles.

Kicked out of parliament, the Left, both old and new, must work outside it—at least, for the time being. Any Left hopes of returning to Parliament in 1983 must lie in a restoration of the Tripartite Alliance of 1970. The Unitei Front Troika (the SLFP), the Socialists and pro-Moscow communists) collapsed in 1975 when Mrs. Bandaranaike expelled the Socialists. The Communists left on their own two years later.

Any electoral calculations must recommend such an alliance even more strongly, in view of the proposed PR system, with its high cut-off point.

Whatever the past bitterness, the Left must swallow its pride for it cannot "go it alone." It was massacred at the municipal elections in Colombo, once a red fortress. The Socialists were placed fourth, (the JUP came third) at a bye-election in the south, also a leftist stronghold in the days of glory.

If the Left won few votes and no seats, the SLFP won a sizeable vote, nearly 2m, but few seats. Under the proposed PR, it should have had a third of the total of 165.

Today, it bas only seven MPs. This makes the separatist Tamil United Liberation Front (TULF) the main opposition party, with 15 seats, and its leader, Mr. Amirthalingam, rather than Mrs. Bandaranaike, the opposition leader.

Not only did this electoral quirk result in an ethnic rather than ideological confrontation in Parliament, but made Parliament itself a poor, often distorting mirror of national politics.

It was the SLFP which made Sinhala the island's only official language in 1956. For the minority Tamils, this is where their troubles began. In opposition, the TULF and the strongly Sinhala-Buddhist SLFP could not find common cause.

Democratic aims

Furthermore, Mrs. Bandaranaike spent most of her time on party reorganisation. Responding to the criticism that the party was too family-dominated and she herself given to dynastic ambitions, Mrs. Bandaranaike tried to make the SLFP more democratic. But it bad to be done in a way which ensured her own effective control in case the worst bappened and she lost her civic rights. The party has wide support from the rural middle class. It is essentially soft and flabby in opposition and needs the trade union muscle of the left.

With the "new" Left attacking the old and the old Left in turn having bitter memories of association with the SLFP, the Government had the rare advantage of a badly divided opposition. The UNP ideological foe is the Left, but its main electoral challenger ia the SLFP.

The economic situation, manifesting itself chiefly through trade union pressures, have begun to change the broad opposition picture. In March, a trade union convention, attended by over 30 major unions, announced 23 demands ranging from pay rises, the restoration of subsidies and controlled prices to the removal of "undemocratic" laws.

On May Day, five parties held a joint rally, presided over by Mrs. Bandaranaike. The Socialists were present along with other Marxist organisations.

The most interesting participant was the TULF. Did this mean that the separatist TULF was joining the opposition mainstream? By an 82 to 15 vote at the end of a tense 16-hour debate the TULF decided to support the District Development Council Bill, an experiment in devolution.

Outside the conference hall, Tamil youths demonstrated against their leaders. The SLFP opposed it in Parliament.

Answering his critics, the TULF leader said that the new law will help relieve the economic neglect of the Tamil areas. The economic aituation was bound to govern the political tactics of the opposition partiea and their zig-zagging search for unity.

Mervyn da Silva

More militancy among the Tamil minority

NOTHING SO frustrates a government going all out to attract foreign menufecturers than a apate of contrary propaganda claiming oppression and discrimination and suggesting that the nation is more ripe for revolution than for investment.

Sri Lanka bes been facing this difficulty in regard to its Tamil minority. The Tamil "problem" is as old as any ethnic/linguistic minority problem. But, perbaps because of heightened receptivity in Western Europe and the United States to minority rights and related issues, digruntled expatriate Tamila have heen achieving widespread publicity in the West for their claims of oppression and inequality and their demands for a separate Tamil state—Eelam.

The Tamll "freedom" cause has received recognition in at least one state of the U.S. and Tamils in Fraoce and West Germany have successfully applied for political asylum. Applications have heen made in Britain too, but so far without *success*.

There is at least a grain of truth in Government claims that political asylum requests have been made as a way of securing permanent residence in the West. But whatever some motivation, such actions have belped to air the Tamil issue outside Srl Lanka.

Heightened awareness is partly a response to developments io Sri Lanka itself, notably communal riots just after the 1977 elections, and killings in the Tamil dominated Northern Province last year when several policemen and Tamil youths were killed. The Government declared a state of emergency In the area.

However, it would be wrong to see the Tamil question generally worsening. Oo the one hand it Is clear that militancy among certain Tamils, particularly unemployed youth, has increased. And the Tamil United Liberation Front (TULF) which, since the virtual annibllation of the SFLP in the 1977 election, has been the official parliamentary opposition, remains committed to the dismemberment of Sri Lanka and the establisbment of Eelam.

But it Is also the case tbat the UNP Government has been successful in luring away some former TULF supporters and has taken some steps towards alleviating, et least in theory, some Tamil grievances. The UNP Is a less specifically Sinbala-Buddhist-based party than the SFLP and the economic policiea of the UNP accord more closely with the interests of the large Tamil commercial and professional middle class.

Meanwhile, the TULF, despite its militant title, is essentially cooservative, encompassing a broad spectrum of Tamil opinioo. For many of its membera, Eelam is an ideal rather than a practical proposition.

A bope for the future is that *the new constitution and voting* system will give Tamils more influence at the national level. The TULF will not admit this as a possibility and the UNP haa no intention of drawing tha attention of the Sinhala majority to a move which might belp Tamila.

Strong influence

But tbe preference vote built into the Presidential election system will, assuming a close contest, give strong infiueoce to a floating minority, and if the proportlonal representation system for parliament results in a more finely-balanced situation than tbe winner-take-all Westminster system, the block of *Tamil MPs* may *need* to *be* woned by tbe Sinbala parties.

Tha Tamil question has various facets which cannot readily be summed up in slogans. Different sectlons bave different grlevances and *interests*.

Tamils make up some 20 per cent of the populatlon of Sri Lanka. But they are divlded into two communities, the so-called Sri Lanka Tamils who have been there for thousands of years, and are about 11 per cent of the total population, and the so-called Indian or Estate Tamlls who were brought in hy the British to cultivate tea and other plantations. They constitute about 9 pe cent.

But tbe community is also divided hy geography. Tha Indian Tamils mostly live an island existence in the tea country surrounded by Kandyan Sinhalese. Many are not citizeos and are unenfranchised. The majority of Sri Lanka Tamils live In a defined area in the north, centred on Jaffna, where they easily form the majority of the population. This is the group for whom separatism hes most appeal.

There are, however, two other very important categories of Sri Lankan Tamils. Tbose, particularly in the Eastern Province, wbo live in mixed areas where Tamils are the largest single group but not necessarily the majority. This group takes an accommodating stance. Perbaps most significant are the 300,000-400,000 wbo live in and among the Sinhala majority, particullarly in Colombo. They may be doctors, merchants, Government clerks nr train drivers. They are influential and tbey have most to lose by a beightening of communal tensions and the Sinhala backlasb that could *result from too militant e pursuit* by Jaffna Tamils of Eelam.

The most seriously disadvantaged Tamils are the Indiana, who have heen more concerned with specific issues, notably citizenship, wages and education, than with broader Tamil problems. It is to President Jayewardene's credit that he has succeeded in bringing intn Cabinet the Indian *Tamil* lesder Mr. S. Thondaman, head of their largest union, the Ceylon Workers' Congress.

Ooe significant advance bas been the hringing of all plantation schools into the State system and reducing the estate workers' educational handicaps. Wages have increased and at least have ceased to fall further *behind* the *national* average. But casual observation suggests the tea workers' condition is still cloaer to the abject poverty of much of India than to the more gentile version of most of rural Sri Lanka.

Discrimination on the hasis of difference between citizens by birth and citizens by registration has been removed. All citizens now bave the vote. But the eventual citizenship status of many Indian Tamils remalns unclear. Under an agreement with India in the mid 60s, India would take back 600,000 stateless Tamils out of an estimated 975,000 at that time. Sri Lankan citizenship would be conferred on those remaining in the ratio of four citizenships for every seven returnees. The solutioo was expected to take 15 years to implement.

However, only abont 300,000 bave gone so far. Some 35,000 a year are still leaving. But not only do numbers lncrease naturally as *time* goes *by*. So too does a reluctance to return to an India of which many know little, where they bave no land, no roots and few job prospects. Life on the tea estates may be hard, but for many, Sri Lanka bolds more promise than an unknown India.

There is no compulsion to return and a point Is approaching where the flow may dry up, leaving a large stateless rump.

More general grievances of Tamils are of discriminetion against them in educational opportunities, public sector jobs, and language. Furthermore, they accuse the Government of using development schemea to colonise Tamil areas with Sinbalese, and of *starving* Tamil areas of development projects.

There can be no argument that significant discrimination does exist in some fields. But in part it is of the "natural" kind that majorities everywbere accord to minorities and wbich, as the U.S. has dlscovered, is singularly hard to eliminate even with a panoply of equal rights legisletion.

Viewpoints

But thare is also conscione official policy of discrimineting In favour of Sinhaleae, notably in entry to university and Government service. Tamils simply see this as discrimination against themselves. It ia similar to the situations in *Malaysia*, where policies are aimed to advance the hitherto relatively backward Malay majority, or in the U.S. wbere supposedly disadvantaged minorities are accorded "positive" discrimination.

In Sri Lanka the Government can produce plenty of statistics to sbow that Tamils get more than their "fair" (as a percentage of population) share of admissions to sort-after university faculties such as medicine or to certain well paid jobs.

The Tamils can equally well show that before discriminartory entry requirments were introduced, their entry percentage was higber and would still be so but for the higher standards demanded of Tamils.

The Tamil-Sinhala question will remaln a difficult and perhaps occasionally disturbing one for Sri Lanka. But the continued existence of liberal and democratic institutions provide outlets for, and some amelioratlon of grievances. Sri Lanka is essentially an open, tolerant, plural society. Tamlls are the largest minority, but they are not tbe only one in this small but diverse society in whicb foor religions, several racial groups, two languages—not to mention numerous castes—mix and overlap in a multitude of combloalions.

P.B.

Shifts in foreign policy

IN ONE of his infrequent interventions into foreign policy matters President Jayawardene recently denied a French Press report that Sri Lanka was seeking ASEAN membership. The interview was given to an Indian news agency.

Desplte this categorical denial the ASEAN debate, as it is called, goes on. Its arguments help to identify the hard-core realities of Sri Lanka's foreign relations, freed from Third Worldist rhetoric and from the proprieties of non-aligned solidarity. Up to tbe Havane Summit last year Sri Lanka was chairman of the non-aligned movement.

In tbia light the apparent inconsistencies in Sri Lankan positions on specific Issues auch as Kampuchea, Afehanistan, Israel and the PLO, the Olympics, Diego Garcia, raciam and tea exports to South Africa aeem unimportant.

If no formal ohstacles stond in the way of a South Aslan nation joining a South-East Asian organisation, Sri Lankan membership would have been the logical outcome of the radical changes initiated by the conservative and stanchly pro-Weat UNP. But it was not the new economic strategy alone which recommended a stance closer to Singapore and Malaysia tban to Tanzania or Guyana.

Both the upper elass and the professional elite found the "Singaporean miracle" tantalising. In a decade of foreign exchange restrictions the island's well-to-do, lamenting the vexations of imposed austerity, felt imprisoned. Singapore was the consumerist Mirvana nearby.

Nnw a cluster of shops all self-styled "Singaporean emporium" in Colombo's bazaar is the symbol of their release. For the Anglicised intelligentsia, Singapore, a clean well-lit place, was a triumph of rational order and discipline over the messy and chronic Third World convulsion from wbich Sri Lanka seemed less and less immune.

The aspirations of this social stratum find sharper, ideological expressioo by the "Young Turks" in the governing party, pro-UNP academics, the Foreign Office, the Planning Ministry and other coteries who help ahape foreign policy. Loosely termed the "ASEAN lobby," they remain cynical, at least in private, about hoth non-alignment and Socialism. They feel that Sri Lanka would gain wider recognition if it spoke with the sophistication and candour of Singapore, whose interpretation of non-alignment is beevily in favonr of the West.

Identification with this attitude is made easier by the person of the highly articulate Mr. S. Rajaratnam, a native of Sri Lanka, wbo is Singapore's Deputy Premier.

Can an island of 14m people, a country-in-depth, emulate the example of a city-State thriving as a service centre? The disinclination to offend Vietnam, an assertive non-aligned radical, together with the divisive Impact of tbe Kampuchean issue on ASEAN have made things difficult for the ASEAN lobby. Singapore-based businesses have invaded the free trade zone and business links have increased rapidly.

Strategy

Singapore is the only country to have been visited by hoth the President and the Prime Minister. The management of Air Lanka, the national airliue, is virtually in Singaporean hands. Its Sri Lankan cbairman, a former Air Ceylon pilot, is still an employee of Singapore Airlines. Yet the opposition charge that Sri Lanka's external relations and economic strategy are developing in a way that would make the island a "neo-colony" is propogandist exaggeration.

The massive nearby geo-political fact of India, the historical and cultural links with the sub-continent, and the presence still of 1m Indian Tamils in the green ghettos of the tea plantations constitute a powerful countervailing force to all other influences. Atavistic fears of India made Sri Lankans respond a decade ago to the Chinese cry of "Indian expansionism." If the phrase means anything it is now assuming an economic character.

As a recent Indian business fair in Colombo demonstrated, economic links are being strengthened through trade, joint ventures, investment and loans. The Sri Lankan market has an obvious appeal to Indian industry. Despite constant grumbling about the unfavourable trade balence, Sri Lanka cannot resist the Indian advance.

President Jayawardene has some *firmly* fixed views. *Firm* friendship with India is one; another is the need for regional economic co-operation. He has welcomed the proposal of President Ziaur Rabman of Bangladesh for a South Asian group. He is expected to discuss this idea with Mrs. Gandhl when he attends the Commonwealth leaders meeting in Delhi. Indian reactions bave been cool. But the Indonesian Foreign Minister said recently that Colombo would be an ideal place for a larger Asian consultative group.

Mr. Jayawardene's first trip abroad, part official and part pilgrimage, was to India. Premier Morajl Desei's reciprocal gesture was a great comfort to hoth the Government and the majority Sinhalese. In Colombo Mr. Desai advised the opposition Tamil United Liberation Front to *abandon its seperatist* demands. No aecessionist movement in Sri Lanka could expect, he aaid, any aupport from Delhi or Madras.

Tbe return to power of Mrs. Gandhi has complicated matters for the *UNP*. Sbe bas always heeo an issue in the domestic debate, largely because of her very apecial relationship with Mrs. Bandaranaike, wbo was ber personal guest in Delhi last month.

If Mrs. Bandaranaike moved *Rightwards*, Mr. Jayawardene, once nicknamed "Yankee Dickie," has shifted the other way, *accepting the realities* of *sub-continental* and big power politics. Sri Lanka likes the title of "the non-aligned within the non-aligned." Mr. Jayawardene surprised aome hy going to Havana and by refusing to boycott the Olympics. Though prompt and unequivocal in its condemnation of the Soviet intervention in Afghanistan, Sri Lanka *bas also* welcomed the Soviet announcement of a troop pull-out. Once again Colombo turned a responsive ear to *Delhi*.

Unlike the ASEAN lobby, the Isreeli lobby has been a non-starter. The Gulf is a new labour market for the island's skilled end semi-skilled workers. Two Arab banks have opened Colombo offices. Foreign remittances are sizeeble and Arab mooey is just coming in. The oll import bill this year will wipe out all the aid pledged last month by the consortium. For local consumption a mass petition to OPEC was prepared. Its delivery is unlikely.

An important contribution to Srl Lanka's plans for export-led economic growth will have to come from this sector. And it may well return to its place in history as the romantic spice garden Emperor Cleudius despatched his trusty ambassador to establisb trade wlth Rome.

Mervyn da Silva

Jonathan Carr, in Bonn, considers how recent events have affected relations between East and West Germany

The Polish shadow over Ostpolitik

THE ABRUPT shelving this weekend of the East-West German summit meeting may well transform what up to now has been a lacklustre election campaign in West Germany.

The cancellation of Chancellor Helmut Schmidt's trip to East Germany, which came less than a week after his decision to call off a meeting with Mr. Edward Gierek, the Polish Prime Minister, raises two main questions which will be the subject of fierce debate in the five weeks up to polling day on October 5.

The first question is whether Herr Schmidt and his Social Democrat (SPD) and Free Democrat (FDP) coalition, which has ruled West Germany for the past 11 years, will be forced onto the defensive over Ostpolitik, the policy of gradual reconciliation with Eastern Europe effectively hegun 10 years ago by Herr Willy Brandt.

The aecond is whether events in Poland have revealed this policy itself to be based on illusions. The answers to these qnestions are clearly of importance far beyond the two German states, each of them of crucial economic and military importance to their own alliances.

As to the first question, clearly the Opposition Christian Democrats (CDU) and their Bavarian allies, the Christian Social Union (CSU), have been given a golden opportunity. So far, the approach to the election bas been so lacklustre that a foreign visitor might be forgiven for thinking polling day was still a year away. Thare has been a nasty squabble over co-determination in the steel industry: there has been a continuous drone of debate over state indebtedness and some rhetorical sparring over economic prospects.

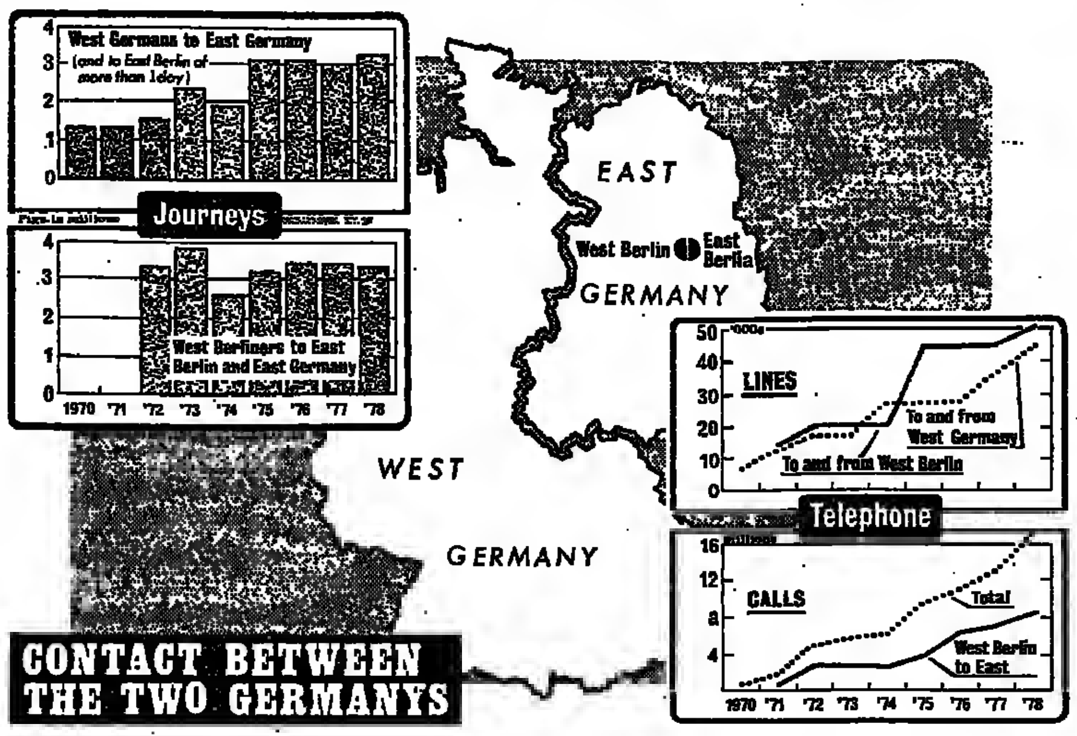
But the much-heralded "duel of the giants" between Herr Schmidt and the man who hopes to unseat him as Chancellor, the ebullient Bavarian Herr Franz-Josef Strauss, has not so far emerged and it had begun to seem that it would not do so.

Now matters look different. The Opposition has been given ammunition on Ostpolitik—and Herr Strauss would not be Herr Strauss if he did not make use of it. First, the Polish leader Mr. Edward Gierek had to sbelve talks planned with Herr Schmidt in Hamburg because of unrest at home. On the face of it that should hardly affect the Chancellor'a election prospects.

But it is known that Mr. Glerek is a man Herr Schmidt particularly likes and admires. The Chancellor has gone out of his way before to help him—as one he feels has heen trying to do a good job in very difficult circumstancea. Herr Schmidt's personal efforts recently on behalf of a new West German credit ta Poland are just one example.

Should Mr. Gierek fall, the Bonn Opposition seems hound to use the occasion to argue that the Government's Ostpolitik aimply leads lt to support—financially and otherwise — unstahle Communist regimes. Herr Strauss haa already urged that the new West German credit for Poland he withbeld until the demands of the strikera there are met.

Herr Schmidt's decision to call off bis talks with the East German leader, Herr Erich Honecker, gives the Opposition still more scope. The CDU-CSU had long claimed that Herr Schmidst bad arranged the date of the inter-German summit (the first formal meeting at top level between the two States for a decade) to help win election support. Whatever truth there might have been in this suggestion (and the inter-German meeting was first arranged for February, then postponed because of the Soviet intervention in Afghanistan), it is clear that the Opposition can now use the shelving of the meeting for its own electoral purposes.



For Herr Schmidt it had become plain that Herr Honecker would have little room to negotiate on closer economic and human contacts between the two Germanies so long as the situation in Poland remained tense. Further, Herr Schmidt's plan to make a "meet the people" trip to the East German port of Rostock (which is parallel with Poland's strike-bound ports) had been vetoed by East Berlin authorities, worried hy the possibility of demonstrations there.

Herr Strauss was scornful—saying that not only was Herr Schmidt not taking a memher of the Opposition to East Germany as had once heen mooted—he was not even taking himself. Other CDU-CSU leaders stress the time has come for Bonn to admit past errors and reshape its foreign policy.

Much depends on events in Poland and the effect these have on East-West ties aa a wbole. But it is worth stressing that despite Herr Schmidt's great personal popularity, the Government coalition lead is not so buge as to he totally unassailable. A recent poll gave the CDU-CSU 46.5 per cent of the vote, the SPD 43.9 per cent and the FDP 7.3 per cent. If the FDP dropped below 5 per cent it would lose its parliamentary representation and the SPD would be without a partner.

Nor ia it only the political opposition which voices douhts about Ostpolitik. The influential Frankfurter Allgemeine Zeitung carried a sharply-worded main editorial on Monday, complaining that the wbole of Ostpolitik had heen based on the false premise that one could deal with totalitarian leaderships in the same objective, reasonable way which one could with others. But the newspaper despaired of ordinary Germans recognising this in the near future or of the Opposition's ability to convince them of it. Clearly, Ostpolitik will be a key theme—if not the main one—in the election campaign.

It may aeem surprising that a foreign policy issue could play ao important a role. But then Ostpolitik—which involves the future unity of the German nation—is not simply a foreign policy matter. What bas it achieved and where is it going?

The first aim of the Ostpolitik of Chancellor Willy Brandt and Foreign Minister Walter Scheel, who headed the first SPD-FDP coalition in 1969, was to recognise political realities and to avoid heing driven into international isolation. The U.S. and the Soviet Union had already embarked on detente. France bad spoken of a Europe "from the Atlantic to the Urals" and more and more states were ready to recognise East Germany against Bonn's wishes.

If for no other reason, Bonn had to act to avoid being left out in the diplomatic cold. Its willingness to recognise, in treaty form, the post-war horders in Eastern Europe permitted conclusion of the four-power accord, helping safeguard the position of Berlin, and laid the groundwork for the European security conference. To the extent that it avoided isolation, West Germany clearly achieved one Ostpolitik aim relatively quickly.

A further object was to establish, and then strengthen, ties with East Germany so that there would he practical benefits for ordinary Germans on both sides of the border. It is possihle to argue that some of Bonn's agreements with East Germany were negotiated too hastily, and that too much was paid for too little return. But there have been improvements in trade, visits and other contacts.

These results are fairly easy to demonstrate. Less readily perceptible has been a gradual change in the balance of power in Europe accompanying them. When — or if — Herr Schmidt at last sits down to talk with Mr. Gierek and Herr Honecker, he will he seeking not only to improve hilateral ties hut the answer to a hroader question: How far can Europeans on either aide exerciae their limited scope for independent action hetween the Super Powers to reduce the possihility of new tension on the Continent?

Clearly Herr Schmidt does not imagine that Poland and East Germany are ready or able to detach themselves from the Warsaw Pact, still less that Bonn should leave NATO. But the reaction to the Soviet intervention in Afghanistan alone shows that European countries on both sides have started to play roles with respect to the Super Powers which would have heen bard to imagine a decade ago. Most Eastern European countries found ways of showing they were far from enthusiastic in endorsing the Soviet action. Several Western European states — West Germany and France in particular — were also highly critical of the U.S. response.

INTER-GERMAN TRADE

Figures in DM bn

year	from E. Germany	to E. Germany
1970	2.1	2.5
1971	2.6	2.7
1972	2.4	2.9
1973	2.7	2.9
1974	3.3	3.6
1975	3.4	4.0
1976	3.9	4.5
1977	4.1	4.6
1978	4.1	4.8
1979	4.8	5.1

Mr. Gierek took the initiative in arranging talks in Warsaw between the Soviet leader Mr. Brezhnev and the French president, which paved the way for Herr Schmidt's own discuasions in Moscow last month with Mr. Brezhnev. All this could be described as a pan-European effort to limit damage for which Europeans are not reaponsihle hut by which they could he harmed. It is far from a dissolution of hlocs and it could not survive a very serious and durable worsening of Moscow-Washington relations. But it is a new factor.

More, it has a particular significance for the West Germans and their aim (enshrined in the constitution) of unity for the German nation. When Bonn signed its treaties with the East, recognising the post-war borders, it appended lettera saying that nothing to which it had agreed affected its political aim of "a state of peace in Europe in which the German nation will recover its unity in free self-determination." In other words, Bonn recognised the borders as a reality it would not seek to changa by force—but not as a reality for all time.

Herr Schmidt is clearly dedicated to the concept that the key to the German question can lie only in peaceful removal of barriers across the whole of Eorope. Some of his listeners have been astonished at the passion with which this "pragmatic leader" speaks of an underlying cultural and spiritual European unity, despita current obstacles.

That said, the main questionmark over Ostpolitik is one certain not to he at the centra of the election campaign debate. What form might the policy take nnder German leaders less scrupulous than the present one? Dr. Henry Kissinger, the former U.S. Secretary of State, tells how he initially feared at the start of the 1970s that Ostpolitik might in some hands develop into a new form of classic German nationalism. His reaction was not to oppose the policy hut to advise Western support for it—not simply to give Bonn's negotiations with the East more impetus hut to link Ostpolitik to Alliance issues as a whole. Limits were thus imposed heyond which West Germany could not go without gaining Allied consent.

It is clear that the West Germany of 1980, whose political role has risen to match its economic power, is mucb less subject to sucb limits than lt used to be. Some Eastern European states have won greater room for manoeuvre—and may be gaining more. It was no doubt with this situation in mind that Dr. Kissinger recently remarked that the first phase of Ostpolitik was relatively problem-free, hut that the one now beginning would need mucb patience and discipline on both sides of the Atlantic. He might have added —in Moscow, too.

Letters to the Editor

Redundant managers

From Mr. V. Bingham, Jackson Taylor Management Services

Sir,—David Chow's article (August 13) ecboes the frustrating experience which many redundant managers and those who advised them constantly face. In particular there are: previous employers who feel the chequе book is the only instrument to use, wben time and expert advlee may be more valuable: and potential employers whose prejudices about age and the fact of rednndancy deny good candidates for vacancies even the right to be beard or seen. Possibly 75 per cent do not even send a brief "sorry we have no vacancy" letter.

Our employment system concentrates almost exclusively on salaries and appointments with fringe benefit packages. Pension rules are used as an excuse to deny possibilities to almost everybody over the age of 50. Too little consideration is given to retainerships for self-employed advisors, fixed-term contracts, part-time appointments or contracts for services ... all of which would be attractive to able, experienced but redundant executives.

Banks, Government institutions and the City all offer platitudinous claptrap abont encouraging small businesses and using executive talent, but offer only meagre support for those prepared to put their compensation into new ventures.

On a specific note, the cold response of education authorities towards (previous) engineers who might be retrained to become much needed science and maths teachers is almost grotesque.

No one working in this field expects miracles. Some redundant managers will not and possibly should not work again because of age or lack of ability or unreasonable expectations. Some will only work again if they retrain or lower their sights.

Unless there are urgent changes of attitude, many more who are needed to establish new businesses or revive or rescue old ones will continue to be treated as "execntive untouchables," which means not only personal auffering, but national economic waste.

Viv Bingham.
Sunley Building, Piccadilly Plaza, Manchester.

Recurring gripe

From Mr. F. Whitehouse

Sir,—Nothing sticks in my gullet more than the recurring gripe abont how managers are badly done by.

It wouldn't matter if the absurdity only re-surfaced during the Silly Season and came accompanied hy a nudge and a wink. But the complaint seems made in deadly earnest and its rumbles are scarcely ever allowed to subside. Which makes you wonder if our so-called executive class has lost its reason.

Because with the best will in the world you couldn't place the average manager in the genius class, and hy and large he is certainly over- rather than under-paid for hls talents.

Which is why, no douht, I've never in 30-odd years in engineering, seen a promoted man voluntarily go hack to the bench after fighting, or scrambling, his way lnto the executive class—except when plalnly he was a misfit.

In his heart of hearts the typical manager surely knows he is on a good thing. If he thinks otherwise and doesn't pack his bags it doesn't say much for his intelligence or his initiative.

It isn't just that he is pretty well paid, so many of them also manage to develop a nice taste in wine, for the richer food, and a pleasing acqualntanace with other countries as well as our own at their employers' expense —and often without heing ln the top flight of "gaffers." It amazes me that they can complain about their lot without excusing it with a grin.

For my part, having been on hoth sides of the fence, my prayer is that if ever I'm sent hack to this world, let it be as a manager if my hrains are no more than marginally above average. In the meantime I'll see to it that ingratitude doesn't spoil my chances. I wouldn't tempt fate with the moaners for all the tea in China.

Frank Whitehouse.
135, Ecclesfield Road, Chapeltown, Sheffield.

Mortgage funds

From Mr. D. Liss

Sir,—The secretary general of the Building Societies Association (August 22) is aa much entitled to "talk bia book" as we all are, but he really should not talk through his hat.

If Mr. Griggs ia really concerned to belp first time buyers as mnch as possible at a time wben net receipts are in danger of falling, he should look at the cost efficiency of his members.

Ha tells us that in 1979 net receipts totalled £3.3bn and that during 1980 they have heen running at about the same level. In that period of say 18 months a number of societies have opened new branches in prime locations, have had to bear the cost of refurbishing them and bave taken them at rentals which even hanks found to be uneconomic. Would Mr. Griggs like to go to his members and ask them for statistics concern-the average in net receipts which their new branches bave produced in these 18 months, and relate these to the cost of the new branches? And publisb the figures?

David Liss.
c/o 28, Airedale Avenue, Chiswick, W4.

Limiting pickets

From Mr. R. Kimberley

Sir,—Yon kindly published a letter from me (August 19) relating to the disturbances which took place outside an Employment Office in South London wherein I criticised the behaviour of representatives of the Civil and Public Services Association. On August 22 I noted the attack made by the general secretary of that union on the Socialist Workers Party and on a Labour Party MP for their part in the exploitation of this union issue.

Anxious to give credit where it is due I would like to congratulate Mr. Ken Thomas on bis courage in denouncing the clandestine activities of the Trotskyists and of Mr. Stuart Holland who have exploited a trade union dispute in this way. At a time when so many wolves disguise tbemselves in sheep's clothing lt is most encouraging to note that some trade union leaders are conscious of the subversive manner in which the enemles of our society, including some so called Honourable Members of Parliament, exploit the unions and are prepared to face the dangers which beset them.

If only all other trade union leaders would follow Mr. Thomas' example and restrict their activities to purely union issues we will cure the national disease which afflicts us and unions will enjoy to the full the respect which we are all so anxious that they shonld.

It is not surprising that the trade union movement supports the Lahour Party bnt not so that extremists should climb on the band wagon for their own selfish ends.

R. Douglas Kimberley.
26 Binney Street, W1

Pressure from savers

From the Director, The Savers Union

Sir,—Your recent leading articles "Savers and the house market" (August 20) and "Fair wind for small savers" (August 23) constitute a timely and valuable contribution to current discussion concerning ways of resolving thia country's immediate financial dilemma. And perhaps no observation in those articles bas more significance than the chiding comment "Since savers bave never formed an effective pressure group." Your writer's phrases "a decent reward for thrift" and "this long overdue rebirth of interest in financial honesty" are sufficient acknowledgement that the financial volce of this country needs no convincing that savers merit better terms than those meted out to them during the last five years.

Our researches show that in these years money in banks, building societies and National Savings (with the exception of index-linked instruments) has, for the standard rate tax payer, been losing value at an average annual rate of 8.4 per cent, assuming that interest has heen re-invested. In the previous five years the figure was 4.7 per cent, while in the five years to Decemher 1964 the saver actually received the meagre real annual average return of about balf of one per cent.

Of course, there is a massive lack of understanding, and inneed possibly of concern too, regarding the plight of savers. Letters to this office tell of financial distress, of shattered pride and deep anger flowing from what bas correctly heen described as "the rape of the saver." One of your readers (August 22) commenting on "Savers and the bouse market" perbaps provided an illustration of the ignorance so prevalent as to the real level of present interest rates when he used the phrase "Yet a further juicy tax free issue of National Savings Certificates." There ls nothing juicy about a net rate of interest a full six points below the current rate of inflation. Savers ought to recelve a real annual return, after tax at the standard rate, of just two per cent.

Geoffrey Price.
4, Broad Street Place, Blomfield Street, EC2

Rent Act reform

From the Press Officer, Small Landlords Association

Sir,—There bas just come into my possession a copy of a judgment ln the High Court in the Irish Republic which has declared that the two key parts of their equivalent of our Rent Act (rent restriction and indefinite security of tenure) are repugnant to the provisions of their constitution.

The history and content of the rent protection legislation in the two countries is virtually identical and we believe that this judgment is of immense importance and entirely substantiates our claim that our Rent Act discriminates with grotesque unfairness against the private landlord.

The judgment expressed the opinion that both key aspects of the legislation in the Irish Repuhlic were repugnant to the provisions of the constitution in that a group of citizens arbitrarily selected, had heen deprived of property for the benefit of another group of citizens, without any compensation, with no limitation on the period of deprivation and with no indication of any occasion which necessitated their aelection for this purpose from the general body of citizens.

That is our complaint against our Rent Act in a nutshell. Yet Yet MPs and members of the House of Lords, from all political parties, have totally ignored the representations we and other landlord organisations made when the present Housing Act was going through Parliament.

We appealed for sensihle and progressive reform. But there is hardly a sniff of reform in the Housing Act as it has eventually emerged. "Fair" rents remain onerously restricted, the only change heing that the landlord will get his uneconomic rent increase in two instalments instead of three. The principle of indefinite security of tenure has, in fact, been strengthened hy logically (if you accept the principle) extending the right of statutory succession to the widower as well as the widow. Furthermore, the Labour Party declared that it would implement their threat to repeal the shorthold legislation and convert shortholds into tenancies with indefinite security.

It is a fact that the decision in the Irish Repuhlic is to be appealed to the Supreme Court. No douht powerful forces will be arraigned against it. But in the name of justice the decision is right both sides of the Irish Channel.

G. F. Cutting.
7, Rosedene Anenue, Sireatham, SW16.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher visits Mullard Radio Astronomy Observatory and Medical Research Council's Laboratory of Molecular Biology, Cambridge.

Financial Times conference, Aerospace into the Eighties and Beyond, continues—speakers include Mr. Adam Butler, Indnstry Minister, and Sir Frederick Page, British Aerospace aircraft groop chairman, Royal Lancaster Hotel, London.

Engineering unions lodge pay claim.

National Union of Journalists chapel (office hranch) meets at The Times to discuss atrike.

Sir John Graham, formerly British Ambassador ln Tehran, speaks on the outlook for Iran, London Chamber of Commerce.

Slimming magazine announces slimmer of the year.

Overseas: Lord Carrington, Foreign Secretary, concludes visit to Saudi Arahia.

Presidential elections held in South Korea.

OFFICIAL STATISTICS

Department of Employment publishes the August provisional figures of unemployment and unfilled vacancies.

COMPANY MEETINGS

Arlington Motor, Chartered Accountants Hall, Moorgate Place, EC, 12. Investment Company, 16 St. Marlin's-le-Grand, EC, 12. Jâtel, 1 Hobart Place, SW, 11. Lendu Rubber Estates, Tubs Hill House, London Road, Sevenoaks, 12.15. Technology Investment Trust, 8 Crosby Square, EC, 10.30.

COMPANY RESULTS

Final dividends: Associated Dairies, Browo Brothers Corporation, Mountleigh Group, Security Centres Holdings, Victor Products (Wallsend). Interim divideods: Blue Circle Industries, Cement Roadstooe, Ladbroke Group, Pearl Assurance, Thomas Robinson, Rotork, Royal Worcester, Slough Estates.

LUNCHTIME MUSIC, Londoo

Malcolm Borhock Orchestra plays ln Finsbury Circus Gardens, EC2, noon.

Piano recital hy Roger Gutts, St. Lawrence Jewry, Gresham Street, 1.00 pm.

Marchwiel profits tumble with problems in Sudan

MAINLY DUE to serious technical and plant problems on the Rahad Road contract in Sudan, taxable profits of **Marchwiel**, builder and civil engineer, fell sharply from £3.42m to £440,000 in the half year to April 30, 1980.

The directors report that the Sudan problems proved expensive to resolve and delays produced substantial losses, which will continue in the second six months.

At home the company experienced difficult trading conditions with severely reduced profit margins. It continues to suffer from more than the usual delay in the settlement of accounts and from unrealistic interim valuations on a number of major contracts, the directors state.

In addition the unusually poor weather further affected results. the Board hopes that the losses on the Rahad Road contract will not continue beyond the current year and say the settlement of overdue accounts at home will help future profits.

Mr. A. J. Macalpine, chairman, says he is unable to predict the second-half results, and the outlook for the construction industry as a whole, both at home and overseas, is as yet not encouraging.

He remains pleased with the growth and performance of a number of subsidiaries which continue to show good returns.

In the first half turnover improved from £98.77m to £120.57m. Post-tax profits were £211,000 against £1.64m and the interim dividend is held at 2.4p. The directors propose to maintain the final payment at 3.6p net.

The company has joined a consortium seeking licences for the Seventh Round in the North Sea and, despite the results, liquid resources and cash remain strong.

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HIGHLIGHTS

Lex examines the interim figures from Hongkong and Shanghai Bank—up 19 per cent against the first half of the previous year but down by comparison with the second six months. **IMI** has recovered, as expected, after the strike-bound conditions last year and, looking at the construction industry, Lex compares the contrasting fortunes of **Fairclough** and **Marchwiel**. The former has pushed profits ahead slightly in a tough trading environment, but the **McAlpine** company has been hit badly on a road building contract in the Sudan. Elsewhere, the rights issue market woke up after the long weekend with **Spencer Gears** issuing a £1.1m cash call in exchange for equity and **Queens Moat Houses** asking shareholders to subscribe £2.7m for a loan stock issue.

Fairclough shows improvement

FIRST HALF profits for Fairclough Construction Group, the civil engineering and building contractor, show an improvement over the same period last year with the level of business activity being maintained, chairman Mr. Oswald Davies says in his interim statement.

On increased turnover of £134.93m, compared with £107.79m, pre-tax profits for the six months to June 30, 1980, rose from £4.07m to £4.21m. Tax took £2.19m against £2.11m.

Earnings per 25p share were better at 4.6p (4.44p). The interim dividend is held at 1.65p net. Last year's final was 2.35p net.

"The group is continuing to streamline its activities and is in good shape to meet the challenge of the future, having a strong liquid position," says the chairman.

"The market in the UK has shown little improvement in the major areas in which our group is involved," he adds, "and the continued restriction on public sector spending is reflected in a reduction of available work. However, Fairclough still has a forward workload of approximately the same level as at the beginning of the year and it remains well balanced."

The group's overseas work has made a substantial contribution to profits, particularly through associated companies, says Mr. Davies. The group has acquired a minority interest in John Howard and Company from which substantial benefits are expected both at home and overseas.

It has also purchased a 45 per cent interest in the capital of Gulliver Consolidated which undertakes civil engineering and opencast mining in Zimbabwe and elsewhere in Africa.

Lex, Back Page

Centrovincial sees further improvement

Assuming the present fall in interest rates will not be reversed, it is expected that Centrovincial Estates, commercial property development and investment concern, will achieve further improvements in revenue before tax, say the directors in their annual report.

Pre-tax revenue for the year ended March 31, 1980, showed a modest increase from £1.28m to £1.35m, after lower interest charges of £2.13m (£2.76m)—as reported August 8.

The group's UK net income is expected in the current year to increase by a similar amount to that in 1979-80, through further rent reviews and increased lettings. The overseas contribution should also improve from more lettings.

Kennedy Smale sees near £1m

PROFITS of nearly £1m are anticipated for the current year at Kennedy Smale, Mr. A. M. Johnstone, chairman, tells shareholders in his annual review.

He says that with its strong cash position this textile machinery engineer is placed not only to expand its existing businesses but to acquire suitable new ones as opportunities arise.

As already known pre-tax profits for the year ended March 31, 1980 were £700,064 (£574,557).

Fortnum and Mason trading subsidiary

As part of an overall reorganisation of the Fortnum and Mason management structure, a new wholly-owned trading subsidiary has been formed under the name of Fortnum and Mason (London).

The Board of Fortnum and Mason will formulate the trading policies and long-term strategies of the group while responsibility for day-to-day operational management will be transferred to Fortnum and Mason (London).

Among those appointed to the Board of the new subsidiary are Mr. D. A. Hanney, Mr. W. Kean and Mrs. L. Prescott who have at the same time resigned as directors of Fortnum and Mason.

Hales hopes to maintain 3.5p

MR. R. J. HALES, the chairman of **Hales Properties**, says in his annual report that current figures of this property and investment company reflect a satisfactory profit level for 1980-81, and the Board anticipates that they will be able to maintain a dividend of not less than 3.5p.

He says the company has recently obtained planning consent on appeal for a superstore in Castle Bromwich, and this will be retained as a further addition to the company's industrial and commercial portfolio.

Pre-tax profits for the year to March 31, 1980, were down from £385,029 to £351,823.

Bernard Wardle

In an out-of-court settlement of libel proceedings, Bernard Wardle and Co. has retracted the Press release it issued on March 26, 1980, relating to the resignations from its board of Mr. E. H. Dodson and Mr. J. M. Morrish. The Press release appeared in The Times and the Financial Times on March 27, 1980, and stated that the resignations of Mr. Dodson and Mr. Morrish were requested by the company's then chairman, Mr. Ronald East.

Bernard Wardle has accepted that the statement was inaccurate and that Mr. Dodson and Mr. Morrish resigned of their own free will. The company offered its unreserved apologies to Mr. Dodson and Mr. Morrish for any embarrassment the Press release and subsequent newspaper coverage might have caused and agreed to pay Mr. Dodson and Mr. Morrish's legal costs.

Provincial leaps to £0.36m at midway

PRE-TAX profits of **Provincial** jumped from £121,000 to £361,000 in the first half of 1980 and are ahead of the £312,838 achieved for all of last year.

Turnover of the group, formerly the Provincial Laundries, rose sharply from £1.15m to £4.84m, reflecting the directors' comments in June that the organic and acquisition programme had been accelerated with turnover rising from the £3m of 1979 to an expected £10m this year.

The board now says the benefits of the group's expanded range from the traditional base of linen and garment rental are showing through. The first half results include significant contributions from office and industrial cleaning operations, industrial roofing and industrial advertising and security services.

The interim dividend is effectively raised from 0.2899p to 0.464p and the directors expect to recommend a total of not less than 1.16p against last year's equivalent 0.5799p.

Stated earnings per share in the first half are 1.4p compared with 0.92p.

The group now has plant and facilities in London, Leeds, Manchester, Birmingham, Bolton and Newcastle. Expansion plans to complement the existing range of industrial services activities will continue, the directors add.

● comment

Even adjusting for acquisitions, Provincial's profits have roughly doubled at the pre-tax level. Despite this external and organic expansion, balance sheet gearing remains low and the group is poised for further purchases in the second half, principally in the office cleaning and security businesses. With Pritchard chipping in as a trade investment and Coleman Milne contributing for the full period, profits for the year could top £750,000 which leaves the shares, up 3p at 44p yesterday, on a prospective fully-taxed p/e approaching 30. This is expecting a great deal but office cleaning is not a capital intensive business and Mr. Michael Ashcroft, the company's acquisitive chairman, has a proven track record in the field so the confidence may be well placed. With the shares at this level, Provincial will presumably seek to finance new purchases with equity, failing which a rights issue looks on the cards. The forecast dividend produces a yield of 3.8 per cent.

Rbt. Moss shelves expansion

Plans for a substantial expansion of production facilities by **Robert Moss**, plastic mouldings manufacturer, have been shelved, Mr. R. B. Cole, chairman, tells shareholders in his statement accompanying the annual report and accounts.

In the light of present circumstances, and with the benefit of the group's continuing manufacturing efficiencies, he states, it is proposed to defer commencement of the new 40,000 sq ft building, for which planning consent has been obtained.

As known, pre-tax profits fell from £503,413 to £457,091 in the year to March 31 after a 26 per cent rise to £318,474 at midway. Shareholders' funds at the year end stood at £1.96m (£1.8m) and there were bank overdrafts of £510,668 (£287,615).

The reduced demand for the group's products has continued into the current year, says Mr. Cole, but the board remains confident of the long-term future.

Meeting, Oxford, September 17 at 3.30 pm.

Rotaprint warning as margins tighten

Margins at Rotaprint are being drastically reduced and unless there is a more rapid improvement in world conditions that at present seems likely, trading in the first half of the current year will not be profitable overall, the chairman says in his annual review.

He states, however, that the consumable supplies business is being maintained both in terms of volume and price, thus enabling the company to carry the presently unprofitable machine business through to the next improvement in the world trade cycle.

As already reported, taxable profits for the year to March 31, 1980 fell from £525,000 to £174,000 and the final dividend was omitted.

The auditors' report states that the financial statements have been drawn up on a going concern basis which assumes the successful implementation of the reorganisation plan and the present overdraft facility will be maintained.

The auditors also refer to the claims for damages lodged against the company and say that it is not possible to determine the amount, if any, which may become payable and consequently no provision has been made.

He stresses that Burrell is continuing to trade with a view to the business being sold as a going concern.

BURRELL

Interest has already been shown in purchasing the business of Burrell and Co., the London-based maker of pigments. Mr. Ian McIsaac, the Receiver and Manager, says the interest stems from home and abroad.

Royal launches tax free savings contract

A flexible savings contract has been launched by the Life Division of Royal Insurers, designed to give investors tax free benefits after ten years and one month.

The basic contract of the Superten scheme is a regular savings-with-profit contract over the investment period, participating in the normal reversionary bonuses of the company.

At the end of the period, the investor can either take the maturity cash tax free, leave it in a special fund where it will earn special continuation bonuses—making tax free cash withdrawals on a regular or irregular basis—or transfer the proceeds on favourable terms to units of the Royal Shield Managed Fund, the unit linked life fund operated by the company.

Investors can also effect a further Superten policy after five years and replace the contract at maturity without any further evidence of health. The minimum premium is £30 monthly or £300 annually but there are improved benefits for premiums in excess of £100 monthly or £1,000 annually.

There is also a lump sum version of this plan, the Superten Capital Investment Plan.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	360	12	1	32	—	42	—	362p
BP	390	9	—	24	2	—	—	"
Com. Union	140	32	2	37	—	43	—	167p
Com. Union	160	12	4	23	—	28	—	"
Cons. Gold	460	66	1	85	—	103	—	659p
Courtaulds	70	3½	—	6½	6	10	—	64p
Courtaulds	80	2	—	3½	19	—	—	"
GEC	390	156	5	154	—	—	—	506p
GEC	420	106	4	158	—	—	—	"
GEC	460	58	10	96	—	116	—	"
GEC	500	56	32	66	—	88	—	"
GEC	550	15	15	38	67	58	—	"
Grand Met.	160	12	13	20½	—	28	—	166p
Grand Met.	180	4½	7	11½	—	17	—	"
ICI	360	12	1	28	—	36	—	358p
ICI	420	1	5	—	—	—	—	"
Land Secs.	390	15	3	26	—	40	—	368p
Marks & Sp.	80	27	28	28	—	—	—	105p
Marks & Sp.	90	17½	38	21½	—	25½	—	"
Marks & Sp.	100	10½	9	15	—	18½	—	"
Marks & Sp.	110	5½	8	0	6	13	—	"
Shell	420	25	10	42	—	62	—	420p
Totals			177		86		—	
		August		**November**		**February**		
Imperial Gp.	70	12½	40	16	—	17	—	82p
Imperial Gp.	80	2½	118	7½	—	10	—	"
Imperial Gp.	90	½	50	3	3	6	—	"
Lonrho	74	22	—	27	—	31	2	94p
Lonrho	84	12	52	10	—	23	—	"
Lonrho	94	1½	16	12½	15	13	—	"
Lonrho	104	1	—	8	7	12½	8	"
Lonrho	114	½	2	5	20	9	—	"
P. & O.	120	13	40	21	—	23	—	133p
P. & O.	130	3½	3	14½	—	18½	—	"
P. & O.	140	—	—	3½	7	18½	—	"
Racal Elec.	260	44	1	59	—	72	—	203p
Racal Elec.	280	24	24	43	10	55	—	"
Racal Elec.	300	3	7	31	94	45	—	"
RTZ	390	85	2	102	—	122	—	474p
RTZ	460	15	1	47	—	67	—	"
RTZ	500	1	21	27	16	45	—	"
Totals			377		171		11	

'Not up to standard' but Brammer over £3m midway

DESPITE showing an increase of £284,000 to £3.23m in pre-tax profits for the half-year to June 30, 1980, the board of H. Brammer and Company says the interim results are "not up to the standard we had anticipated."

Group trading in the first quarter progressed satisfactorily from April onwards, but in common with many companies, it has experienced a reduced level of trading in its UK businesses.

The group, distributor of bearing and transmission equipment, and manufacturer of V-link belting and rubber products, is now monitoring investment and establishment on the assumption that the UK market will remain depressed for the remainder of the year.

With the liquid resources available, the group is developing investment opportunities to complement its current products and services in this country and abroad, says the board.

The decision to maintain the interim dividend at 1.8p is considered prudent in the present business climate. Last year's total was 5.5p from pre-tax profits of £6.41m.

After tax more than doubled at £1.68m (£802,000), stated earnings per 20p share are down from 9p to 6.1p.

The pre-tax figure was struck after interest charges up from £169,000 to £274,000. The previous year's figure included £60,000 non-trade investments sale. There was an extraordinary debit of £59,000 (£109,000) and unrealised exchange losses amounting to £114,000 (£106,000).

Turnover for the six months was up from £19.61m to £23.59m.

● comment

The year started very strongly for bearing and power transmission distributors, Brammer, but sales fell off in the second quarter as the recession gripped the UK manufacturing industry and the group was caught with more stocks and staff than needed. The trading profit gain of 8.8 per cent would seem to warrant more than a maintained dividend but the company is concerned about the effect of both second half trading and current cost accounting on final results. At the last balance sheet, the company had £4.5m in cash and this should not have been reduced materially by the cost of financing increased stocks this year. Brammer is still looking for investment opportunities in the U.S. where the grinding spindle manufacturer, Pope Machinery, acquired early last year, continues to thrive. Assuming full year profits of £7m, the shares at 151p, down 2p yesterday, trade at about 11 times prospective fully taxed profits. The prospective yield on an unchanged final dividend is about 5 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
H. Brammer and Co.	int.	1.8	Oct. 16	1.8	—	5.5
Crouch Group		3.33	—	3	4.4	4
Fairclgh. Constn. Gp.	int.	1.65	Jan. 2	1.65	—	4
IMI	int.	2	Oct. 20	1.9	—	4.4
Jn'burg Cons.¶		375	Oct. 25	205	475	255
Keep Invst. Trust	int.	0.002	Oct. 1	—	—	—
Marchwiel	int.	2.4	—	2.4	§	6
Provincial	int.	0.46	Dec. 1	0.29*	—‡	0.58*
Queens Moat	int.	0.55	Oct. 9	0.38	—	0.75
Joseph Stocks		2.5	Sept. 26	2.7*	3.5	3.06*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Not less than 1.16p total expected. § 6p total forecast. ¶ South African cents throughout.

J. Stocks down in second half

SECOND-HALF profits of **Joseph Stocks and Sons (Holdings)**, wholesale provision merchant, importer and distributor, fell from £388,107 to £281,551 but figures for the full year, ended March 31, 1980, were just ahead at £663,226 against £655,823.

Sales for the period expanded by £5.7m to £50.3m.

The directors state that the future must be regarded with great caution as the recession will not leave the company unaffected, and further progress is certain to be limited by this factor.

The dividend is effectively increased to 3.5p (3.06p) net per share with a final payment of 2.5p.

Crouch Group profits finish down after higher interest

STRUCK after interest up from £388,000 to £610,000, taxable profits of Crouch Group, international property development and construction concern, were down to £693,000 for the year ended March 31, 1980, compared with £760,000. Turnover slipped from £15.36m to £14.92m.

However, the group's property portfolio now shows a threefold increase at £13m against £4.3m at March 31, 1978, when commercial development activity started. Also, a director's valuation of land held for residential development reveals a surplus over cost of £2.7m.

The directors say that these results reflect the policy of widening the company's base by lessening its dependence on house building and moving towards industrial and commercial property development and investment "so that future profits will not rely entirely upon the housing sector of the UK property market."

Although the reduced demand in the housing market will continue to depress profits in the first half of the current year, the directors say the application of established policy and the group's inherent strengths should enable it to look to a successful year.

At halfway profits were £356,000 (£289,000).

The dividend total is stepped up by 10 per cent to 4.4p (4p) net per 25p share, costing £176,000 (£160,000), with a final payment of 3.325p. Earnings per share are shown as 15.45p (17.3p).

After tax of £75,000 (£68,000) and an extraordinary debit of £294,000—the diminution in value of the net assets of the recently sold loss-maker Crouch (Ireland) — the attributable balance dropped from £692,000 to £324,000.

● comment

Crouch Group is still making the transition to property development but the process is set to accelerate as the private housebuilding market declines. Housebuilding profits have provided a god funding base from which to tackle the commercial and industrial development sectors but the emphasis thus far has favoured sales rather than retentions and it seems reasonable to suppose that this bias will become more pronounced this year. Net rental income last time was just £80,000. Crouch seems confident of further growth after what may prove a dull first half which must suppose a high level of development dealing profits; the Maiden Lane development should be sold before the end of December, (for example, at a "substantial surplus over cost." The seemingly ad hoc investment /trading property split makes for rating difficulties which may explain the heavy 39 per cent share price discount to net worth of 155p per share. The yield at 96p is 6.6 per cent.

Gibbs & Dandy second half uncertainty

Further increases recently announced in costs will magnify the problem of absorbing rising overheads, says Mr. J. Dandy, chairman of Gibbs and Dandy, builders' merchant, ironmonger and electrical wholesaler.

As reported on August 23, taxable profits fell back in the first six months of 1980 to £173,722 compared with £211,080.

Prospects for the second half are uncertain, says Mr. Dandy. He is unwilling to forecast the outcome for the year.

Having reached 65, Mr. Dandy is to retire as chairman on December 31, but not from the board. Mr. John Dandy will succeed him.

Tough year for Hogg Robinson

ANOTHER challenging year ahead in the international and domestic markets of the Hogg Robinson Group is seen by Mr. Morris Abbott, chairman, in his annual report.

But in continuing the policy of expanding group interests in service areas, the chairman feels sure that there are "exciting prospects ahead for brokers such as ourselves."

Referring to the recent joint venture in the U.S., with the Republic Steel Company, Mr. Abbott says it is intended that the partnership will be substantially capitalised and its purpose is the acquisition of brokerage interests in North America.

The chairman says the group welcomes the majority of the proposals in the Fisher Report. However, the recommendation that most affects shareholders is that within five years of the necessary legislation creating the Council of Lloyd's, the group may be required to dispose of its Lloyd's managing agencies, or face being precluded from trading in the Lloyd's market.

The recommendation is the subject of considerable discussion between the Committee of Lloyd's and representatives of the insurance brokers. "Hopefully these discussions will result in measures which will be to the benefit of the market overall," says the chairman.

For the year ended March 31, 1980, profits before tax amounted to £8.62m against £9.21m on turnover of £38.16m compared with £32.04m.

The 1977 underwriting account was a good one and the Lloyd's underwriting agencies increased the profits. The underwriters are expecting to maintain or possibly increase their profits next year, but much will depend on the strength of the dollar against sterling.

The satisfactory profits of Crosswall Reinsurance Company continue to reflect the planned progress originally envisaged.

The increase in goodwill in the balance-sheet from £8.36m to £10.1m arises substantially from the acquisition of Brentnall Beard and Co. Meeting, Queen's Room, Baltic Exchange, E.C., September 19 at 12.15 pm.

A. Preedy warning

Mr. S. L. Preedy, chairman of Alfred Preedy and Sons, does not foresee first-half results showing any improvement on last year's. In his annual statement, Mr. Preedy says unless the economic climate changes dramatically, he also does not expect significantly better operating profits for the year as a whole, although the long awaited fall in interest rates will certainly help.

"Within these constraints, however, we will continue to seek more outlets and to refurbish existing ones," he states.

As reported on July 25, taxable profits of the group—whose interests include wholesale and retail distribution of tobacco, confectionery and fancy goods as well as selling newspapers, books, stationery, toys and records—fell in the 12 months to March 29, 1980, to £843,000, compared with £1.24m for the previous 53 weeks. This followed an increase of £485,000 to £642,000 in net borrowing costs.

A final dividend of 2.6p left the total unchanged at 3.35p net. On a CCA basis, the profit before taxation is reduced to £341,000.

Shareholders' funds stood at £10.37m (£7.71m) at March 29, and net current assets were £2.77m (£1.35m). Bank overdrafts and loans repayable within 12 months were £928,000 (£3.38m).

Meeting: Tipton, September 18 at 5.45 pm.

SPAIN

August 26	Price %	+ or —
Banco Bilbao	228	
Banco Central	256	
Banco Exterior	212	
Banco Hispano	229	−2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	281	+2
Banco Urquijo	141	+2
Banco Vizcaya	240	
Banco Zaragoza	215	
Dragados	106	+3
Espanola Zinc	70	+2
Fecsa	63.70	+2.80
Gal. Preciados	38.50	+1.50
Hidrola	69	−0.50
Iberduero	67	−1
Petroleos	110	−1.50
Petroliber	87	
Sogefisa	107	
Telefonica	62.50	+0.30
Union Elect.	59	+0.80

IMI slows in second quarter

BOOSTED by a buoyant first quarter, pre-tax profits of IMI, the Birmingham-based refining, fabricating and slide fasteners group, improved by 26 per cent from £13.6m to £17.1m in the half-year to June 30, 1980. Sales to external customers rose from £308.9m to £337.5m.

The directors say the first half figures aggregate the result of two quarters of contrasting characteristics. In the first three months, activity was buoyant in most sectors, with the exception of sporting ammunition, zip fasteners and copper alloy tube.

Early in the second quarter there was a major recession in home demand for building products and copper semis which later spread to the fluid power and heat exchange sectors.

The directors state that the third quarter to-date has provided no evidence of a revival of sales.

The pre-tax figure was struck after depreciation of £5.8m (£5.4m) and associates profits less losses of £500,000 (£900,000). After minorities of £900,000 (£1m) and a loss of £300,000 (profit £700,000) on metal stocks, profit attributable was down from £13.7m to £13m.

Sales volume in the first six months was marginally down on that achieved in the strike-affected first half of 1979. Value, however, rose by 11 per cent, partly because of higher copper prices. Overseas sales were well maintained, but the strong pound made further inroads into export profit margins.

In sterling terms, home sales were up by 7 per cent, export sales by 30 per cent, and overseas' companies' sales by 8 per cent.

After a tax charge up from £1.6m to £4.7m, stated earnings per 25p share are lower at 6.2p (6.6p), but the interim dividend is raised from 1.9p to 2p, absorbing £4.17m. Last year's total was 4.4p from pre-tax profits of £34.5m.

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BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Blue Circle Industries, Cement-Roadstone, Ladbroke, Pearl Assurance, Thomas Robinson, Rotork, Royal Worcester, Slough Estates.

Finals—Associated Dairies, Brown Brothers, Consolidated Plantations, Moundeigh, Sime Darby Berhad, Victor Products (Wallsend).

FUTURE DATES

Interims—

BICC	Sept. 9
Nu-Swift Industries	Sept. 3
Reckitt and Colman	Sept. 9

Finals—

Apex Properties	Sept. 1
Melody Mills	Sept. 2
Standard Industrial	Aug. 29
Whitworth Electric	Sept. 1

Reardon Smith faces future with confidence

Mr. C. R. Chatterton, chairman of Reardon Smith Line, says the future can be faced with measured confidence bearing in mind world political influences which can have an adverse effect on freight rates.

While world trade is being seriously affected, nevertheless there are indications that overtonnaging is now beginning to show signs of improvement in supply and demand, the chairman says.

In recent months, the group has seen the effect of such events, but in the medium to long term, Mr. Chatterton is optimistic of reasonable stability being maintained.

In the near future, the question of replacement tonnage for the group will become urgent, but current freight rates would require to be doubled to make the replacement economically viable.

For the year ended March 31, 1980, the group recovered from losses of £2.06m to a £117,733 pre-tax profit. Turnover was £22.06m against £18.18m. First half results in the current year are expected to be satisfactory and maintenance of the improved position is anticipated for the second half.

The balance sheet shows total stockholders' interest of £10.57m (£10.24m) with shipbuilding loans of £15.99m (£26.77m). Meeting, Cardiff, September 17 at 3 pm.

EUROPEAN OPTIONS EXCHANGE

Series		Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	March Vol.	March Last	Stock
GM C	$50	10	5½	—	—	10	7½	$54½
GM C	$60	50	⅞	—	—	—	—	
SEAR C	$15	7	3¼	—	—	—	—	$18
SEAR C	$20	—	—	7	½	—	—	„
		Oct.		Jan.		April		
ABN C	F.320	12	4.50	—	—	3	12.50	F.305
AKZO C	F.22.50	10	0.60	20	1.20	25	3.30	F.23.50
AKZO C	F.20	—	—	24	0.50	80	0.90	„
AKZO P	F.22.50	10	0.80	—	—	125	1.50	„
AKZO P	F.25	47	2.70	—	—	—	—	„
AMRO C	F.70	10	1	0	1.60A	12	2.30	F.65.70
KODA C	$60	10	6¾	—	—	10	8½	$66
KODA C	$70	—	—	21	2⅞	—	—	„
HEIN C	F.55	—	—	20	3.20	20	4.80	F.55.80
HEIN C	F.60	12	0.90	1	2.30	—	—	„
HOOG C	F.15	—	—	10	1.60	—	—	F.15.40
HOOG P	F.17.50	1	0.20	—	—	—	—	„
IBM C	$65	5	4⅝	—	—	—	—	$67
IBM C	$70	—	—	—	—	1	5	„
KLM C	F.60	23	7.50	—	—	—	—	F.67.50
KLM C	F.80	60	0.30	—	—	—	—	„
KLM P	F.60	10	1.60	1	2.90	—	—	„
KLM P	F.70	30	5.60	—	—	—	—	„
NATN C	F.104.50	3	12	—	—	—	—	F.116.90
NATN C	F.109.10	1	8	—	—	—	—	„
NATN C	F.110	2	7	—	—	—	—	„
NAT C	F.120	—	—	21	3.50	6	4.50	„
NAT P	F.120	10	0.70	—	—	—	—	„
PETR C	Fr.4300	—	—	1	770	—	—	„
PHIL C	F.17.50	33	0.60	66	1	138	1.40	F.17.40
PHIL C	F.20	40	0.20	120	0.40	—	—	„
PHIL P	F.17.50	—	—	18	0.90	50	1	„
PHIL P	F.20	2	2.60	—	—	40	3.10	„
PHIL P	F.22.50	1	4.90	—	—	—	—	„
OLIE C	F.150	26	23.60B	—	—	—	—	F.173.40
OLIE C	F.160	10	13.60B	6	14.50	—	—	„
OLIE C	F.170	163	3.80	101	7.60	—	—	„
OLIE C	F.180	10	1.40B	0	2.80	3	4.50	„
OLIE P	F.160	22	1.50	14	3.40	—	—	„
OLIE P	F.170	12	5.90	25	7.70	—	—	„
OLIE P	F.180	3	12.50	1	13.60	—	—	„
UNIL C	F.120	55	4	—	—	10	7	F.122
UNIL P	F.120	20	1.60	—	—	—	—	„
		Nov.		Feb.		May		
BASF C	DM.130	3	6.50	—	—	—	—	DM134.30
MANN C	DM.120	0	5.80	—	—	—	—	DM123.20
OCCI C	$25	20	4	—	—	—	—	$28¼
OCCI C	$30	3	1	90	1¾	—	—	„
SIEM C	DM.270.60	3	11.30	—	—	—	—	DM277
SIEM C	DM.280.50	5	5.40	—	—	—	—	„
VEBA C	DM.140	3	4.30B	—	—	—	—	DM138.30

TOTAL VOLUME IN CONTRACTS 1808

C=Call P=Put

ISSUE NEWS

Queens Moat profit up halfway: raising £2.7m

A RIGHTS issue to raise £2.7m, together with an increase in pre-tax profits from £322,000 to £471,000 for the half-year to mid-July are announced by Queens Moat Houses, the hotels group.

The rights issue is being made through the issue of 10½ per cent unsecured loan stock at a par value of £1. The stock is convertible into ordinary shares at the rate of one share for every 37p of stock from 1983 to 1989. Shareholders can subscribe for £1 of stock for every eight ordinary shares held.

Mr. John Bairstow, chairman, says the money is being raised to finance the expansion of accommodation and conference facilities at a number of hotels. It will also be available for acquisitions, should suitable opportunities arise. The issue is underwritten by Duff Stoop and Margetts & Addenbrooke.

The company has sufficient unissued share capital to allow for full conversion but is nonetheless proposing to increase the authorised share capital by 10m shares, equivalent to the number of new shares which conversion of the loan stock would create. If approved by shareholders, the authorised capital will be £2.1m.

Profits were struck after rent payable of £362,000 (£302,000) and interest of £274,000 (£197,000). Turnover rose from £5.66m to £6.6m. The interim dividend is 0.55p per share (0.375p) and earnings per share 1.05p (0.93p).

The company announced three acquisitions for a total of £1,025,000 in cash. It has exchanged contracts to buy the freehold of the Waltham Forest Hotel at Woodford Green and Cannons Hotel at Ware, both of which have been under leasehold since 1974. It is also buying the headleases of the Airport Hotel complex at Southend, which has been held on an underlease since 1974. Chartered surveyors Weatherall, Green & Smith have valued the three hotels on an open market basis at £2.75m.

Mr. Bairstow said that despite high interest rates current trading indicates that 1980 will show a significant improvement over 1979.

● comment

On an identical increase in the final dividend, Queens Moat shares yield 4.3 per cent so the convertible loan stock looks like expensive money. Yet the group has already placed almost 5m shares for acquisitions this year and its balance sheet gearings looks modest for a group rated on a p/e of 16.5—based on fully-taxed earnings of £480,000 this year. The share price of 37p is in line with the conversion price and the issue is well tailored to the needs of both the company and its shareholders, who have missed out on the vendor placings. Profits continue to race ahead, with all hotels fully-booked during week-days, and the recession being felt elsewhere is likely to have a significant impact only on week-end traffic during the second half. The freehold acquisitions will strengthen the balance sheet and will also improve profits as long as interest rates remain below 20 per cent, which seems a fairly safe bet.

Spencer Gears calling for £1m

Spencer Gears (Holdings) is raising £1.1m by way of a one-for-one rights issue. At 13p per 5p share.

The cash call follows the completion of new factory and office accommodation for its Southern Industries (Croydon) beer raising and dispensing equipment subsidiary, and the extension and partial rebuilding of the Spencer Gears Leicester factory. The company has invested £2.2m on buildings, plant and machinery in the past two years. Properties have been [illegible] £1m to £3m as at July 31, 1980.

[illegible] for the year ended June 30, 1980 have not yet been published but the directors [illegible] that [illegible] profits were [illegible] the [illegible] down from [illegible] in the previous year. Trading [illegible] was higher, but [illegible] interest charges reduced the pre-tax figure.

An unchanged final dividend of 0.65p is proposed, following the 40 per cent increase in the interim dividend to 0.35p. The new shares will not rank for the final.

Dealings in the new shares are expected to start on September 1 and the offer closes on September 19. The issue is being underwritten by the company's brokers, Charles, Stanley and Co.

● comment

Were it not for the reliability of the markets it serves, Spencer Gears would look a little desperate in its appeal for funds at a more than 40 per cent discount to the market price. However, pubs continue to need equipment and specialty vehicles need gearboxes. Spencer's operating margins have apparently held up very well in the past year but the rights issue is vital to reduce a very high level of borrowing incurred to complete an ambitious capital spending programme. Even after the issue, the company expects its gearing will remain at more than 50 per cent without taking account of the property revaluation that will appear in next year's balance sheet. The deep discount takes the shares to 16.8 times fully taxed earnings. The yield on the ex-rights price is 8.1 per cent.

DERRITRON

Acceptances have been received in respect of 98.4 per cent of the 5,985,173 shares of Derritron. The company raised £874,000 from the issue.

YEARLINGS MOVE UP TO 15%

The interest rate on this week's batch of yearling bonds is 15 per cent, up for the fourth week in a row and by ¼ per cent from last week. Issued at par, they are redeemable on September 2, 1981.

The issues are: London Borough of Barking and Dagenham (£1m); Beverley BC (£0.5m); Grampian RC (£1m); Northavon DC (£0.25m); Tonbridge and Malling DC (£0.25m); West Wiltshire DC (£0.5m); Slough BC (£0.5m); Adur DC (£0.25m); Cambridge CC (£1m); Test Valley BC (£0.5m); North East Derbyshire DC (£0.5m); Daventry DC (£0.5m); City of Salford (£0.75m); City of Manchester (£2.5m); Lancaster CC (£0.5m); East Staffordshire DC (£0.5m); Borough of Llanelli (£0.25m); North Wiltshire DC (£0.25m); Warrington BC (£0.5m); Borough of Wolverhampton (£1m).

BIDS AND DEALS

Bass denies Pontin's interest

The Bass brewing and hotel group yesterday denied reports that its top executives had been touring Pontin's holiday camps in the UK with a view to buying them from the troubled Coral Leisure Group.

"There have been no top level visits from our directors," said Mr. Frank Quaranta, the company secretary of Bass. Mr. Nicholas Coral, the chairman of Coral which reported a sharp profits collapse last week, also denied that talks had taken place with Bass.

Earlier this year, Bass was viewed as a possible buyer of Coral's Centre Hotels subsidiary. Coral is now holding talks with Taj of India on the sale of a two-thirds stake in Centre. "The terms have been agreed on," said Mr. Coral. "It is a question of tidying up the legal and accounting niceties."

FERRANTI SHARES DISPOSALS

The Ferranti brothers have sold further shares in the Ferranti defence and electronics group in which the National Enterprise Board recently placed most of its 50 per cent stake with institutions.

Mr. Basil de Ferranti, the deputy chairman, has disposed of 550,000 shares from the recent £21m rights issue, leaving him with a holding of 1.63m (3.8 per cent).

The chairman, Mr. Sebastian de Ferranti, has sold 340,000 shares to leave his stake at 1.41m or 3.31 per cent. The brothers have also sold nearly 500,000 rights and ordinary shares on behalf of family trusts.

PENNINE COMMERCIAL

Pennine Commercial Holdings intends to return to the dividend list next year, but the motor distribution and property company said it was too early to forecast the level of payment.

In the formal document for its £825,000 acquisition of a 14.7 acre housing development site in Lancashire, chairman Mr. Geoffrey Tankard said Pennine was trading satisfactorily with future prospects favourable.

Pennine last paid a dividend in 1974, when the gross 3.675p distribution was sharply down on earlier years. Pre-tax profits in the year to January 31, 1980, were £10,170 against £9,400.

REVERTEX ACCEPTANCES

Acceptances of the offer from Yule Catto for the shares in Revertex Chemicals it does not already own, have been received from over 72 per cent of the holders in respect of over 85 per cent of the capital for which the offer was made.

The offer remains subject to certain conditions, including the receipt of the assurances sought from Hoechst AG and Hoechst UK, that if Yule acquires more than 50 per cent of Revertex, Hoechst will not exercise its right to acquire Revertex's 50 per cent shareholding in Harlow Chemical.

Pending the outcome of discussions on this subject, the offer has been extended to September 12.

The separate cash offer, made by Morgan Grenfell, to purchase the new Yule preference shares, to which Revertex shareholders are entitled, on acceptance of the offer, has been accepted in respect of 413,334 existing ordinary.

The cash offer has now closed but remains conditional on the offer becoming or being declared wholly unconditional.

SUBSTANTIAL STAKE IN H. GOLDMAN

Mr. I. H. Wasserman has been revealed to be a substantial shareholder in H. Goldman Group. His stake totals 229,500 shares, representing 10 per cent of the hardware, clocks and watches wholesaler. In the market, the shares rose 3½p to 17p.

ALLIED INTL. DESIGNERS

Allied International Designers Group has acquired Foxvale and its subsidiaries for an initial consideration of £80,000 cash. Further consideration will depend on profits for the period to May 31, 1984.

Foxvale's principal subsidiary, Business Decisions, specialises in market research, image studies, package and product testing and employee communications.

MACFARLANE ACQUISITION

Macfarlane Group (Clansman) has acquired John M. Napier, Edinburgh, for £250,000 cash.

Napier has been established as a specialist printer in Edinburgh for almost 100 years. Main activity is label printing for the whisky industry.

The Macfarlane directors believe there is considerable potential to expand Napier's customer and product range from within the Macfarlane group.

SCANNER 6000 DEAL SIGNED

Omnimedical, a Los Angeles company which manufactures diagnostic equipment, said yesterday that it had now signed the agreement for acquiring the fixed assets and inventory of the EMI-Scanner 6000 from EMI Medical Inc. for undisclosed terms.

The agreement calls for Omnimedical to assume certain obligations of EMI Medical. These include warranty performance and service obligations for existing 6000 scanners and manufacture of additional scanners to complete existing orders held by EMI Medical.

The transaction, scheduled for completion on August 29, is subject to several conditions, including approval by EMI Medical directors.

INVER INDUSTRIAL

Leeman, a company formed by British and West German interests, has purchased the assets of the recently liquidated Scottish company, Inver Industrial.

Production is scheduled to commence on September 1 and the initial labour force is likely to number around twenty.

NO PROBE

The proposed acquisition by Armstrong Equipment of Covrad is not being referred to the Monopolies Commission.

SHARE STAKES

General Consolidated Invest—Pearl Assurance has increased its holding to 1,805,000 shares (9.668 per cent).

Mercantile House Holdings—Interest of Britannia Arrow Holdings is now 815,000 shares (11.57 per cent), as result of purchase of 110,000 shares on August 18 and rights issue on same date of 117,500 shares.

Sekers International — Grovewood Securities has acquired 95,000 shares making holding 1,582,975 (16.2 per cent).

William Press and Son—J. R. Martin, director, notifies that Allpress Children's Trust has disposed of 400,000 shares. They have been transferred to a beneficiary of that trust. Beneficial holding of 67,630 shares remains unchanged. New non-beneficial holdings as trustee of various settlements amounts to 12,215,944 shares (10.22 per cent).

Marlborough Property Holdings—A. S. Jolliffe, director, sold 50,000 shares at 34p on July 10, 25,000 at 38p on July 23, 10,000 at 42½p on August 4 and 40,000 at 42p on August 19, reducing beneficial interest to 1,325,906 shares.

Bremner and Co.—Hugh Fraser Trusts have acquired 49,000 shares making holdings 424,000 (7.681 per cent).

Howden Group—M. F. Caffrey, director, has sold 45,000 shares.

Stenhouse Holdings—P. H. A. Stenhouse, director, notifies that his beneficial interest has decreased to 34,587 shares following sale of 1,250 in his wife's name at 89p on August 21. Non-beneficial interest unchanged at 11,413,793 shares.

MINING NEWS

Miners' strike will cut full-year profit at Utah

BY GEORGE MILLING-STANLEY

AUSTRALIA'S biggest coal mining group, the U.S.-controlled Utah Development, saw net profits rise by 7 per cent during the first half of the current financial year to A$76.3m (£38m), but has warned that the nine-week-old strike by Queensland coal miners will sharply reduce results for the full year.

The miners are striking over attempts by the authorities to tax subsidised housing in the Utah mining towns, reports James Forth from Sydney. As yet there is no sign of an end to the strike which is costing Utah A$19m a week in lost export earnings and A$3.3m in domestic earnings.

Even in the event of an early settlement to the dispute, Utah estimates that its coal output in the second half will be around 2m tonnes lower than the 9.4m tonnes produced by its five mines during the first six months. Mr. Keith Wallace, managing director, said that Utah would be "struggling to break even" in the second half.

The improvement in first half profits came on the back of a 10 per cent rise in coal shipments, which was largely attributable to the start-up of the new Norwich Park mine.

Utah is concerned that if the strike continues, it could jeopardise several small short-term contracts recently signed with India and Egypt, which are new markets for the group.

Utah, which is owned as to 89.2 per cent by America's Utah International, a wholly-owned subsidiary of General Electric of the U.S., has trimmed the dividend to its parent by 11.1 per cent to A$54m.

Utah Mining Australia (UMAL), which owns the remaining 10.8 per cent of Utah Development, boosted its net profit for the first half by 6.7 per cent to A$9.5m.

Net profits of Peko-Wallsend, the Australian mining and industrial group, leapt by nearly 80 per cent to A$46.6m in the year to June 30. The dividend is being raised from 17.5 cents a share to 22.5 cents with a final of 12.5 cents, compared with 10 cents last time.

The increase was attributable to the sharply higher gold price prevailing during the second half of the financial year and the inclusion of a full year's results from Simsmetal, the scrap metal group, against just two months in 1978-79.

Peko is currently involved in a takeover battle with Clyde Industries for the materials handling group Production Equipment, and is shortly to dispose of its stake in the Ranger uranium deposit in the Northern Territory to Energy Resources of Australia.

Peko's partner in the development of Ranger, EZ Industries, suffered a sharp reverse in the second half of the year to June 30, but still managed to produce more than doubled net profits for the full year.

EZ Industries, a zinc producer and base metal mining company, is lifting its dividend from 18 cents a share to 48 cents, after record net profits of A$36.8m against A$17m. Earnings per share were 48.7 cents compared with 33.8 cents.

No less than A$33.1m of EZ's full-year net profit was earned during the first six months. Lead prices during the first half were 50 per cent higher than during the remainder of the year, with silver prices 80 per cent higher and copper 20 per cent higher.

The directors said yesterday that metal prices appear to have achieved some degree of stability now, at levels higher than those achieved during the most recent six months.

Associated Manganese

SOUTH AFRICA'S Associated Manganese, a major producer of manganese iron ore and ferro-alloys, is feeling the effects of the world recession in the steel industry. Net profits for the first half-year to June 30 are 16 per cent lower than last time at R7.58m (£4.2m), on sales of R58.2m compared with R62.4m, reports Jim Jones from Johannesburg.

The company pointed out that direct comparisons are not possible as export shipments vary from period to period, but said that sales and profits have been affected by a combination of the strength of the South African Rand, competitive pricing in export markets and a reduction in demand.

While other major producers of high carbon ferro-chrome have cut output, Associated Manganese has maintained operations at full capacity and has apparently stockpiled excess production.

The interim dividend is doubled to 60 cents a share on earnings of 71 cents against 173 cents in a move to reduce the disparity between the interim and final payments. A total of 180 cents was paid in 1979 from earnings of 254 cents.

Record profits for Johnnies

NET PROFITS of the South African mining and industrial group Johannesburg Consolidated Investment for the year to June 30 have surpassed the previous year's record of R55.6m with a 40.6 per cent advance to R78.2m (£43m).

The total dividend is lifted to 475 cents from 255 cents with a final payment of 375 cents against 205 cents.

Income from investment went up from R38.1m to R56.3m. "Johnnies" said yesterday that all major investments contributed to the increase, with the main contribution coming from the gold and platinum interests.

Trading profits also moved ahead sharply from R7m to R12.6m, and the group said that this was mainly accounted for by a substantial improvement at Lenning Holdings.

Johnnies paid no tax for the year, as it still has considerable tax losses in hand. Last year's tax charge of R300,000 was in respect of UK taxation on the Barnato Brothers subsidiary, which has now been sold. The sale realised a profit of R11.2m.

The group calculates net asset value per share at the year-end at 12,159 cents, compared with 6,880 cents last time. This is equivalent to £67.55 a share, and compares with last night's closing price in London of £27.50 a share.

Johnnies has maintained the Otjibase copper mine in Namibia on a care and maintenance basis during the year, and also carried out additional exploration and development work. Expenditure during the period amounted to R4.5m.

The mine was closed in 1978 as a result of a combination of low copper prices and technical problems.

Downturn at Southern Kinta

A HIGHER tax charge has marred the last results to be reported by the Malaysian tin producer Southern Kinta Consolidated as an independent company. Net profits for the year to March 31 are down by 7.8 per cent to M$6.37m (£1.25m).

Southern Kinta is to be absorbed into an enlarged Malayan Tin Dredging as part of a reorganisation of six of the tin producers within the Malaysia Mining Corporation group.

The offer of shares in Malayan for Southern Kinta shares closed on August 15, after holders of 91.48 per cent of the capital had accepted. Malayan will compulsorily acquire the outstanding minority under Malaysian company law.

Southern Kinta is not declaring a final dividend, but the special dividends in connection with the merger will be paid on September 30.

A rise of 14.8 per cent in the average price received for tin concentrates was more than enough to offset the effects of a slight fall in output from 1,661 tonnes to 1,523 tonnes.

Pre-tax profits were thus slightly ahead of last year at M$16.51m against M$15.7m, but the increased tax charge left earnings lower at 83 sen a share compared with 90 sen.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Korvettes secure currency clearance

By David Lascelles in New York

AGACHE-WILLOT, the French owners of Korvettes, the troubled New York department chain store, yesterday received permission from the French authorities to transfer funds to the U.S. to repay Korvettes' creditors.

The Agache-Willot group was originally due to make these payments today, but delays caused by currency controls mean that the payment will not take place until the end of this week, or the first business day of next week, Korvettes said.

It was not immediately clear how Korvettes' bank and insurance company creditors would react to this . None of the banks would comment yesterday. Korvettes' executives are due to meet creditors today to explain the situation.

Korvettes has twice postponed what creditors claimed were payment deadlines and there has been considerable confusion about the status of the various financing plans put forward.

Under the latest agreement, Agache-Willot is supposed to pay $26m immediately and another $2m next January under a rescheduling of a total $55m in debts. Meanwhile, the banks have seized about $6m of Korvettes' deposits.

The payment problems have added to Korvettes' operating difficulties. Suppliers are apparently reluctant to deliver goods to Korvettes until they know that the creditors are happy about the refinancing plan. The department store group has also been forced to discontinue some of its credit operations.

SEC in broker discount study

By Our Financial Staff

THE Securities and Exchange Commission staff over the next nine months will examine the rapid development of discount brokerage houses and the impact of retail commission discounting on the securities industry, said Mr. Harold Williams, the chairman of the SEC.

Brascan meets opposition to McIntyre Mines bid

BY ROBERT GIBBENS IN MONTREAL

BRASCAN, the Toronto-based holding company controlled by the Peter and Edward Bronfman interests, is meeting a resolute "No" from Keck interests, owners of 17 per cent of Superior Oil Company, of Houston, to its bid worth nearly C$250m (US$16m) cash for McIntyre Mines and for Falconbridge Nickel Mines.

Brascan controls several billion dollars in assets through subsidiaries and affiliates in financial services, consumer products and resources.

McIntyre, about 54 per cent controlled by Superior Oil of the U.S., and which in turn owns more than a third of Falconbridge, is a major coal producer in Western Canada, with some base metals interests as well.

Falconbridge is Canada's second largest nickel producer and has interests also in precious metals and base metals. The Superior group also has major oil and gas interests in Canada, through Canadian Superior Oil.

Brascan, still cash rich from the $400m compensation received two years ago from nationalisation of its power utility in Brazil, has made a written offer for all 1.9m shares of McIntyre at $110 a share, worth around $210m. This would include Superior Oil's 54 per cent interest in McIntyre plus the balance of stock in public hands.

Brascan also bid $132 a share for Superior Oil's direct holding of 279,000 shares of Falconbridge, worth about $37m, but would not extend this offer to public stockholders of Falconbridge. The Superior group in Canada and the U.S. holds an estimated 42 per cent of Falconbridge.

In this way Brascan would get control of both Canadian mining companies. It proposes then to operate them through its own mining affiliate Western Mines of Vancouver.

"Our position is that we are not interested in selling out," Superior Oil said in Houston. However, the written Brascan offer would be put before a board meeting later this week.

Superior has already proposed to merge its 100 per cent-owned Canadian Superior Oil with McIntyre in a share exchange, valuing McIntyre shares at about $88 each. This proposal has yet to be put to McIntyre shareholders.

Superior Oil says the Brascan offer would be taxable and is quite different from its own proposal for merging McIntyre into Canadian Superior.

Analysts say the Brascan bid may encourage opposition to the merger plan. Some institutional stockholders of McIntyre have said the $88 valuation is too low.

NCR makes rival offer for Applied Digital Data

BY OUR FINANCIAL STAFF

NCR, the major computer group, has joined battle with Canada's Mitel Corporation for control of Applied Digital Data Systems which produces video-display computer terminals.

NCR's bid of $12 for each of Applied Digital's common shares and $27 for the preferred stock puts a total value on the company of about $60m, and compares with the $11 and $25, respectively, offered by Mitel, which manufactures telecommunications equipment and integrated circuits.

Mitel's bid for the company is due to expire on September 4 and Mitel said yesterday it was trying to arrange a board meeting for today to consider what action to take in the light of NCR's bid. Mitel's tender offer was conditional on it gaining enough acceptances to give it a majority of voting power.

NCR made no immediate response after Applied Digital had yesterday revealed its proposed offer. Applied Digital said its board would consider the NCR proposal today.

Applied Digital's main product lines are a range of terminals without independent processing features which are compatible with major computers other than those produced by International Business Machines. It also has an IBM-compatible "intelligent" terminal.

NCR is a major customer for its output, and in 1979 its purchases of four of its models accounted for 42 per cent of total sales revenues of $50.9m.

However, NCR has ceased purchases of one model which accounted for 25 per cent of total 1979 sales, and Applied Digital has said that any "substantial dimunition" of total sales to NCR could have an adverse effect on profitability.

For all of 1979, Applied Digital's profits came to $4.79m—or 92 cents a share, down from $1.23 a share previously—and for the first six months, to May 31, its earnings were cut from 45 cents a share to 23 cents.

Profits were under pressure from rising labour and material costs, increased research and development spending, and the start-up costs of expanded manufacturing facilities

Fairchild in $280m offer for VSI

By Our Financial Staff

FAIRCHILD INDUSTRIES, a major U.S. defence contractor and satellite communications group, it to take over VSI Corporation in a $280m deal.

Fairchild is to offer £45 cash for about 42.4 per cent of VSI's shares with the remainder of VSI's shares exchanged for a new Fairchild convertible preferred stock with a similar value to the cash element. The bid is subject to approval by the boards and shareholders of both companies.

VSI manufactures precision metal products including fastening systems for commercial and military aircraft. It also distributes hardware and electronic components. Aerospace activities accounted for about 27 per cent of its $320m of sales in the year to June 30, 1979, and 37 per cent of the $21.5m net profits.

Fairchild, which makes the A.10 close support aircraft for the U.S. Air Force as well as commuter and executive aircraft and aircraft components and seats, achieved profits of $40m in 1979

Crane maker back in red for third quarter

By Our Financial Staff

HARNISCHFEGER, the major manufacturer of power cranes and shovels for the construction and mining industries, has slipped back into the red for the third quarter of 1979-80.

At the net level, the company reported a loss of $264,000 for the three months ended July, compared with a profit of $1.1m a year earlier. Sales increased by 6 per cent to $157m.

Harnischfeger's profits have been falling steadily in recent years, culminating in a loss of $1.99m for 1978-79.

The company said yesterday that the impact of recession was being felt most in its construction equipment divisions, which account for around 50 per cent of sales.

The downturn in the market for construction equipment was expected to "bottom out" in the current and final quarterly trading period, but would remain flat until the beginning of 1982.

Thanks to strong profits in the first two quarters the company is able to declare earnings of $8.7m for the nine months, compared with only $990,000 a year earlier when the first quarter dipped heavily into the red.

Last year Harnischfeger was subject to a $245m cash bid—$27.50 a share—from Mannesmann, the West German engineering group. The offer was withdrawn in November because of anti-trust objections.

The U.S. company's German operations are centred on a 51 per cent interest in Harnischfeger GmbH. In 1979 the group consolidated losses from this company totalled $15.2m, up from $5.5m in 1978.

AMERICAN QUARTERLIES

ALLIED STORES	1980	1979
Second quarter	$	$
Revenue	475.3m	468.5m
Net profits	4.74m	8.16m
Net per share	0.23	0.40
Six months		
Revenue	946.5m	928.1m
Net profits	12.47m	20.55m
Net per share	0.61	1.00

ASSOCIATED DRY GOODS	1980	1979
Second quarter	$	$
Revenue	400.8m	370.1m
Net profits	2.86m	800,000
Net per share	0.20	0.06
Six months		
Revenue	799.7m	737.4m
Net profits	5.25m	1.45m
Net per share	0.39	0.11

BECKMAN INSTRUMENTS	1980	1979
Fourth quarter	$	$
Revenue	156.5m	125.4m
Net profits	11.5m	9.2m
Net per share	0.53	0.32
Year		
Revenue	549.3m	426.7m
Net profits	36.56m	29.33m
Net per share	1.83	1.66

CONSOLIDATED RAIL	1980	1979
Second quarter	$	$
Revenue	993.8m	1.04bn
Net profits	†39.12m	33.03m
Net per share	†1.59	1.29
Six months		
Revenue	2.01bn	1.94bn
Net profits	†123.88m	†91.98m
Net per share	†5.00	†3.75

† Loss

DETROIT EDISON	1980	1979
Year	$	$
Revenue	1.72bn	1.66bn
Net profits	122.56m	124.67m
Net per share	1.62	1.89

HARDEE'S FOOD SYSTEMS	1980	1979
Third quarter	$	$
Revenue	113.1m	95.2m
Net profits	0.13m	3.91m
Net per share	1.14	0.90
Nine months		
Revenue	313.1m	255.7m
Net profits	10.84m	7.36m
Net per share	2.24	1.71

HARRIS CORPORATION	1980	1979
Fourth quarter	$	$
Revenue	382.2m	301.7m
Net profits	23.16m	20.22m
Net per share	0.76	0.69
Year		
Revenue	1.3bn	1.07bn
Net profits	79.68m	68.77m
Net per share	2.63	2.32

LEVITZ FURNITURE	1980	1979
Second quarter	$	$
Revenue	111.2m	131.6m
Net profits	2.54m	4.71m
Net per share	0.60	1.11
Six months		
Revenue	234.1m	254.3m
Net profits	5.44m	8.71m
Net per share	1.28	2.05

MARSHALL FIELD	1980	1979
Second quarter	$	$
Revenue	205.9m	199.6m
Net profits	†609,000	1.57m
Net per share	—	0.15
Six months		
Revenue	403.1m	390.6m
Net profits	†11.88m	1.97m
Net per share	—	0.19

† Loss

PETROFINA CANADA	1980	1979
Six months	C$	C$
Revenue	438.0m	365.0m
Net profits	38.8m	31.4m
Net per share	3.77	3.13

PUREX	1980	1979
Fourth quarter	$	$
Revenue	177.7m	168.4m
Net profits	7.46m	8.66m
Net per share	0.66	0.77
Year		
Revenue	644.4m	586.6m
Net profits	26.67m	24.84m
Net per share	2.36	2.20

SCM CORPORATION	1980	1979
Fourth quarter	$	$
Revenue	480.27m	468.05m
Net profits	17.55m	16.42m
Net per share	1.81	1.71
Year		
Revenue	1.89bn	1.75bn
Net profits	53.86m	47.35m
Net per share	5.55	4.98

SIMPSON-SEARS	1980	1979
Six months	C$	C$
Revenue	1.26bn	1.13bn
Net profits	5.68m	10.34m
Net per share	0.07	0.14

Tesoro and Hideca in fresh talks on CORCO

BY OUR FINANCIAL STAFF

TESORO PETROLEUM disclosed yesterday that it is working with an affiliate of a Venezuelan-based company on a new plan to revive the bankrupt Commonwealth Oil Refining (CORCO).

Tesoro said that Hideca Petroleum has agreed to work on a proposal looking toward confirmation of a Plan of Arrangement to solve CORCO's pending Chapter 11 proceedings. Tesoro owns 36.7 per cent of CORCO and is a significant creditor of the company.

Hideca is a U.S. affiliate of a privately-owned company based in Venezuela, which is engaged primarily in oil trading and transportation.

An arrangement by Tesoro and Hideca would seem a sound prospect, since it could result in Hideca arranging for crude oil supplies from Venezuela to be refined in Puerto Rico for distribution in the U.S. CORCO has a 161,000 barrel a day refinery in Puerto Rico.

Tesoro has been the target of a possible takeover attempt by Diamond Shamrock, Dallas, which disclosed last week that it had acquired 4.5 per cent of Tesoro's shares.

In San Antonio, Texas, Commonwealth Oil Refining also announced yesterday a $4.5m unaudited loss in July, equivalent to 31 cents a share, on sales of $113.2m.

The company said the loss was due to lower profit margins on gasoline sales caused by the recent drop in spot market prices.

High refined product inventories and lower demand in the U.S., together with uneconomical fuel oil prices necessitated lower crude oil throughput at the refinery.

INTERNATIONAL BONDS

Kuwaiti dinar sector reopens

BY FRANCIS GHILES

THE KUWAITI dinar sector of the Eurobond market has reopened with a KD 7m ($26m) issue for the City of Oslo. This follows the decision taken two weeks ago by the Central Bank of Kuwait to revive this market for foreign borrowers.

However, regulations governing the number—and size—of issues which banks can bring to the market will be much stricter than before.

The problem for the KD market remains that international investor interest in an undefined basket of currencies which generally yields less than the dollar has never blossomed. This is still the case today: the new issue, the City of Oslo's second in this sector, has a coupon of 9¼ per cent for ten years and yields 9.25 per cent—4 per cent below secondary dollar sector returns. Lead manager is Kuwait International Investment Company.

Meanwhile, the weakening of the D-Mark foreign bond market has forced the postponement of a second new issue in less than a week and cast a shadow over other DM foreign bond issues planned before the end of August. A DM 100m bond scheduled for yesterday was delayed by Commerzbank because it could not agree on appropriate terms with the borrowers.

Having deserted the dollar bond market two months ago, institutional investors now appear intent on doing the same in the DM foreign bond and domestic sectors. Hopes of an early decline in German interest rates have kept foreign buying interest at a high level in recent weeks and allowed German banks to place over DM 2bn worth of new DM foreign bonds last month alone.

But last week's decision by the Bundesbank not to lower German interest rates for the time being dashed all hopes and depressed domestic and foreign DM bond prices. During the past two days the latter have poster falls of ¾ of a point.

The DM 200m ten-year issue for Sweden, with a 7¾ per cent coupon and priced at par, shed two points in two days and now yields 8.18 per cent.

The same malady hit Swiss franc bonds which shed half a point yesterday. Some pressure may be taken off the bond market, however, by the decision of major banks yesterday to cut the interest offered on medium-term notes by ¼ per cent so that five and six-year notes now offer only 4¾ per cent.

Electricite de France is to raise SwFr 100m by a ten-year issue through Union Bank of Switzerland. The bonds carry a state guarantee, have a 5¾ per cent coupon and are priced at par. These terms compare with the recent issue for Philips NV which is currently quoted at 98¾ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on August 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	80	85⅝	86⅛	−0⅛	−0¼	13.40
CECA 11½ 88	100	94⅞	95⅜	−1⅛	−1	12.49
Citicorp O/S Fin 10 88	300	90½	91	−0⅞	−0½	12.29
Con. Illinois O/S 9¾ 88	150	88⅝	89⅛	−1⅛	−0½	12.53
Denmark 11¾ 90*	100	93⅛	93⅝	−1⅛	−1⅛	12.96
Dome Petroleum 13⅛ 92	50	99¼	99¾	0	+0¼	13.56
EEC 11 85	75	87⅞	88⅜	−1⅞	−1⅜	12.81
[illegible]						

Average price changes... On day −1 on week −1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
R. Bk. Canada 10 86 C$	40	†92⅛	92⅞	−0⅛	−0⅛	11.88
Tordom. Cpn. 13½ 85 C$	30	†101½	102	+0¼	−0½	12.93
M. Bk. Dnmk. 8 91 EUA	25	93⅞	95⅛	0	0	9.82
SOFTE 8¾ 89 EUA	40	88¾	89½	+0⅛	+0½	10.24
U. Bk. Nrwy. 9½ 90 EUA	18	99⅝	100⅛	+0⅛	+0⅛	9.52
Algemene Bk. 8¾ 84 Fl	75	95⅞	96⅝	−0½	−0⅛	9.44
Algemene Bk. 10½ 87 Fl	400	100	100½	−0⅛	−0⅛	10.18
Bk. Mees & H. 10 85 Fl	75	99⅛	99⅝	−0¼	−0⅛	10.16
Heineken NV 10 87 Fl	75	100⅛	100⅝	0	+0⅛	9.91
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Credit Suisse 4½ 93	10/79	†570	108½	109½	−0¼	−1.11
Daiei Inc. 6½ 94	11/79	†927.3	97¾	98¾	−0½	21.24
DKK 11 90	4/80	†324	101½	102½	−0¼	10.43
Dynalectron 9½ 95	8/80	†12.22	108	109	+2⅛	2.94
Ensearch Fin. 9½ 94	7/80	†30.25	125	126	−0⅞	−0.73
Inchcape Ltd. 8 95	2/81	†.455	100½	101½	—	0.28
Meidensha Elec. 7 84	12/79	†210	100¾	101¾	+0⅛	4.48
MEPC 8¾ 96	2/81	†2.47	104½	105½	+2	8.14
Mitsubishi Cp. 6½ 94	10/79	†549.1	129	130¼	+2½	−0.14
Ricoh 6⅝ 95	8/80	†604	101	102	—	2.56
SAC 6¾ 90	9/80	†200	99⅛	100⅛	+0⅛	7.10
Toshiba Cpn. 7¾ 94	10/79	†198	104⅛	105⅛	+1	−3.37
Union Bk. Switz. 5 88	2/80	†121.4	99	101	+2⅛	4.72
Fujitsu 6 84 DM	7/79	475	107½	108½	+1⅛	1.66
Sharp Cpn. 6½ 88 DM	9/80	595	104½	105½	−1⅛	0.50
Uny Co. 6½ 85 DM	11/79	1071	98⅝	99⅝	−0⅛	21.32

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WEST GERMAN ENGINEERING

GHH lifts payment as sales increase

BY KEVIN DONE IN FRANKFURT

GUTEHOFFNUNGSHUTTE (GHH), Europe's largest engineering group, is increasing its dividend payment from DM 6 to DM 7 as a result of its strong growth in the fiscal year ended June.

The group's turnover increased by 12 per cent to DM 15.2bn ($8.5bn) pushed along in particular by the high level of demand for capital goods in the domestic market.

Sales in West Germany rose by 13.2 per ceot to DM 8.2bn, while foreign sales increased by 10.6 per cent to DM 6.9bn. As a result, the share of exports and foreign production in group turnover fell slightly to 45.9 per cent from 46.4 per cent

GHH had a 5.2 per cent increase in new orders in fiscal 1980 to DM 15.8bn, although it admits in a letter to shareholders that the rate at which it was securing business weakened considerably in the last few months of the year.

The slackening of demand was noticeable in both domestic and foreign markets, although new work gained overseas was marked in particular by the lyack of large-scale contracts.

The major boost to GHH's sales in the last 12 months came from its important subsidiary MAN, Maschinenfabrik Augsberg-Nürnberg, the truck and diesel motor manufacturer, and from steel trading.

The high level of activity achieved in the year allowed GHH to avoid short-time working in all sectors. The size of its workforce at the end of June had risen by 2.2 per cent to 86,116.

Despite the completion of several large contracts the value of the GHH order book at the end of June bad risen by 4 per cent to DM 16bn from a year earlier. Some 67 per cent of the work is for foreign markets.

Dividend cut possible, Dresdner warns

By Our Frankfurt Correspondent

A CUT in Dresdner Bank's dividend this year was a definite possibility, despite some improvement in the bank's performance in recent weeks, Dr. Hans Friderichs, the bank's chief executive, warned

Dresdner Bank's first-half operating result was down by one-third from a year earlier. Some improvement in the bank's profitability could be expected in the second half but there would be "no sensational" development.

Commerzbank, the third largest private commercial bank in the Federal Republic after the Deutsche and Dresdner banks, has already warned its shareholders that the bank's performance in the first half was insufficient to hold the dividend at last year's level.

Dr. Friderichs said that Dresdner Bank was striving in the medium-term to re-structure its deposit base in order to cut costs, while at the same time seeking greater flexibility in its credit business.

The strong expansion of the bank's business voluma in recent years bad been won at the price of a rapid growth in long-term loans

It was inconceivable that the business could continue expanding at the temp of the last few years. The bank was mounting a strong attack on its rising administration costs, and the size of the workforce was unlikely to grow at all this year.

Daimler to control Mevosa

BY ROBERT GRAHAM IN MADRID

DAIMLER-BENZ is to raise its interest in the Spanish light-vehicle manufacturers, Mevosa, to a controlling stake and will invest up to $70m in the company. The move follows more than two years of negotiations between INI the Spanish state holding company, and Daimler-Benz.

INI, which currently holds 45 per cent of the equity, said it expected the deal would be formally approved by the end of September. Under the agreement Mevosa's capital of Pta 2.5bn ($36m) will be increased by Pta 420m but with INI waiving its subscription rights, Daimler-Benz shareholding will increase from 45.6 per cent to 52 per cent.

The other main shareholders are Banco de Bilbao and Banco de Vizcaya. The Daimler-Benz stake could be higher if these other Spanish shareholders also waive their rights.

The full integration of Mevosa into the Daimler-Benz group is planned with about $70m being spent over the next three years on its two plants in Barcelona and Vitoria.

Mevosa is the sole profit-making company controlled by INI in the automotive sector. Last year it bad a net profit of Pta 492m on turnover of Pta 17.9bn, selling 13,000 light vans and 12,000 diesel engines; 4,000 engines were exported. The company has the exclusive concession for the import of Mercedes cars.

INI has been seeking to integrate Mevosa with Daimler-Benz, believing the company has no future operating alone with the German company holding a 45 per cent stake.

The main problem has been INI's desire to ensure the future of the Sava light vehicle manufacturing operation run by Enasa. INI wanted to hive this off to Mevosa but Daimler-Benz resisted. But when International Harvester agreed to take over Enasa earlier this year this problem was removed.

Sharp gain at Wilhelmsen

BY FAY GJESTER IN OSLO

WILHELMSEN, Norway's largest shipping group, reports a sharp rise in profits for the first half of 1980. Operating profits have risen to NKr 80m ($16.5m) from the NKr 18m achieved in the first half of last year and NKr 66m for the whole of 1979.

The results reflect improved operating results by its liners, dry-cargo vessels and offshore division. The tanker market remains weak. One of Wilhelmsen's two supertankers was sold during the year at a "good profit," while the other has been laid up.

Freight earnings reached NKr 1.29bn in the six months, compared with NKr 1.02bn a year earlier. Liquidity was strengthened during the half-year by the supertanker sale.

● Kosmos, another Norwegian shipping concern, also reports satisfactory earnings by its dry-cargo ships, but "weak" results from its tankers. Profit before allocations in the first half of this year reached NKr 29.5m, compared with NKr 82m for the whole of 1979.

Somewhat higher profits are expected during the current half-year, so the result for the year as a whole will "probably be about the same" as last year.

● Ardol og Sunndal Verk (ASV), Norway's state-owned aluminium concern, reports sharply increased profits and turnover in the first half of 1980, compared with a year earlier, reflecting a continuing favourable market for the metal. Group sales reached NKr 1.76bn, up NKr 315m, while profit before allocations was NKr 158m, compared with NKr 95m.

Profits for the year as a whole are expected to be at least as high as for 1979.

Tandberg loss hits Norsk Data

By Our Oslo Correspondent

NORSK DATA, a young, expanding Norwegian electronics concern, lost NKr 3.1m ($640,000) in tha first half of 1980, but expects to show a profit of more than NKr 20m for tha full year.

The half-year deficit reflected a loss of NKr 6m by its subsidiary, Tandberg, which makes audio products and teaching aids.

Norsk Data acquired Tandberg a year ago following the bankruptcy of the former Tandberg company. ND's data division, however, reported a profit of NKr 2.4m in the six months while orders booked increased 35 per cent from a year earlier to NKr 130.1m.

Production of the company's new Nord-500 computer has been delayed, but is expected to start early next year.

Tandberg's turnover reached NKr 63.3m in the half-year, NKr 8.2m less than a year ago. The fall reflected poor demand for stereo products, particularly in the key U.S. and German markets.

French approve Sandvik bid for Eurotungstene

By Robert Mauthner in Paris

THE FRENCH authorities have approved the acquisition by Sandvik, the world's biggest producer of tungsten carbide, of 65 per cent of the capital of Eurotungstene, a subsidiary of the French metals group, Pechiney - Ugine - Kuhlmann which will retain a 35 per cent stake.

PUK has been trying for some time to sell Eurotungstene because it considered it too small to compete alone in the European market. An earlier attempt to sell it to Krupps, the West German steel giant, broke down because the German company wanted to close down one of the three Eurotungstene plants.

The Swedish group, one the other hand, has undertaken to close none of the factories which it has acquired and to invest FFr 20m-25m in Eurotungstene between 1980 and 1982.

Much more than PUK's investments in its subsidiary over the past three years.

Eurotungstene, which specialises in the manufacture of long-duration cutting tools for mines, oil drills and other kinds of machinery, has not been doing very well over the past two years.

Sales in 1979 totalled FFr 344m, 48 per cent of which were exports, and it managed to break even following a loss of FFr 3m the previous year.

The special alloys activities of Eurotungstene, mainly for military purposes, have been excluded from the deal with Sandvik and have been transferred to another PUK subsidiary, Cime Bocuze.

TOYOTA MOTOR COMPANY

Export jump brings record earnings

BY YOKO SHIBATA IN TOKYO

TOYOTA MOTOR Company, Japan's largest car manufacturer, has reported record earnings for its financial year ended June 30, helped by a sharp increase in exports and exchange gains arising from the yen's weakening in the foreign exchange market.

Toyota's operating profits climbed 47 per cent to Y291.58bn. Net profits advanced by 40.7 per cent to Y143.57bn ($641m) on sales of Y3.310bn ($14.8bn), up 18.1 per cent. Per share profits moved up to Y85.65, from Y66.27.

Motor vehicle sales totalled 3,248,271 units, to show a gain of 13.6 per cent. Of this total, passenger cars accounted for 2,273,201 units, up 11.8 per cent, and trucks and buses for 973,945, up 17.9 per cent. Exports, amounting to 51.7 per cent of the total, advanced by 473,974 units, or 39.3 per cent. Car sales in the domestic market, however, fell by 85,232 units, or 5.2 per cent.

Exports to North and South America rose 31.0 per cent, to account for 49 per cent of total exports, those to Europe 32.5 per cent (to 17.8 per cent), to the Middle East 49.4 per cent (to 16 per cent), while the export growth to Saudi Arabia was 55 per cent, bringing the Saudi share of the total to 7.9 per cent.

Operating profits were boosted by Y90bn of exchange gains. Labour and raw material cost increases were among factors restraining the profit

Toyota Motor is known for its strong internal cash reserves and non-borrowing policy. The company used its surplus funds to acquire shares in affiliated companies and placed funds in debentures and in the certificates of deposit market. Revenue from operations in debentures markets totalled Y27.3bn and interest received amounted to Y31.4bn. Financial revenue, exceeding Y60bn, was much higher than at Japan's top city banks. As a result, the company's equity ratio reached 57.4 per cant. For the current fiscal year, ending June, 1981, the company expects sales to reach Y3,500bn, with car sales of 3.45m units (1.72m at home and 1.73m overseas).

However, the company sees various factors restricting earnings: keen competition in the domestic market; trade problems; a U.S. tariff increase on small trucks; falling export profitability because of exchange rate fluctuations, and price increases on raw materials. The company expects, nevertheless, to maintain earnings this year at last year's level.

Toyota is going ahead with capital investment expenditure, primarily for the development of new technology and new models, in order to cope with forthcoming international small car competition. Toyota's capital outlays for the current financial year will total Y240bn, or 60 per cent more than last year's.

Sydney bank increases dividend

By James Forth in Sydney

THE COMMERCIAL Banking Company of Sydney has increased its dividend, following a 38 per cent rise in the group profit, from A$26m to A$35.39m (U.S.$40.9m) in the year to June. The result is the third successive increase in earnings, and continues the recovery from the property-induced problems of the banks finance company offshoot, Commercial and General Acceptance (CAGA).

Banking operations brought the CBE earnings of A$31.35m, an increase of A$7.74m, which was largely the result of an increased amount of funds held which did not attract interest, organisational change, and growth in balance sheet totals.

But the directors cautioned that the outlook for banking operations in the current year was "cloudy." Growth was likely to be less than that of 1979-80, and margins were under pressure.

The annual dividend is raised from 16.5 cents to 19 cents a share. It is covered by earnings of 78.9 cents, compared with 58.6 cents for the previous year. A further reduction in CAGA's problem loans, from A$77.4m to A$66m, helped the financier to a more than doubling of profits, at $A4m.

First-half rise for HK Bank

BY PHILIP BOWRING IN HONG KONG

THE Hongkong and Shanghai Banking Corporation increased its attributable net profit, after transfers to hidden reserves, by 18.9 per cent to HK$514m (U.S.$104m) in the six months to June. An interim dividend of 18 cents per share has been declared, compared with the previous 24 cents, on capital increased by a three-for-five scrip issue. The underlying dividend increase is 20 per cent. Earnings per share rose by 17.9 per cent to HK$0.46. Net profits for all of 1979 came to HK$1.01bn.

Last week, the Hang Seng Bank, a subsidiary of the HK Bank, reported a 30 per cent first-half profit increase.

The bank said that high rates of inflation and a slowdown in the major economies had led to a smaller increase in profits in the first half of 1980, as compared with the same period a year earlier.

The bank forecasts a final dividend of not less than 36 cents for this year making a total of 54 cents, an adjusted 17 per cent increase over 1979.

See Lex

OCBC follows Singapore trend

By Georgie Lee in Singapore

OVERSEA-CHINESE Banking Corporation (OCBC), one of the "big four" Singapore banks, has reported a 44.6 per cent rise in group profit to S$37.4m (US$17.6m) for the half year to June.

The rise in profit is in line with the growth trend of the major Singapore banks. The other three major Singapore banks — the Development Bank of Singapore, the United Overseas Bank and the Overseas Union Bank — chalked up growth rates slightly over 50 per cent.

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CURRENCIES, MONEY and GOLD

Sterling firm

Sterling was firm for most of the day in the foreign exchange market, and advanced strongly towards the close on news that Texaco had discovered more oil in the UK sector of the North Sea. The pound's trade-weighted index against a basket of currencies, on Bank of England figures, rose to a 5½-year high of 75.8 from 75.7, after opening at 75.8, and easing to 75.7 at noon. Sterling began at $2.3710-2.3720, and eased to $2.3695-2.3705 in early trading, the lowest level of the day. By mid-day it had picked up to $2.3715-2.3725, and remained around that level until the announcement from Texaco sent the pound to a peak of $2.3810-2.3820. It closed at $2.3795-2.3805, a rise of 1.40 cents from Friday, and 1.15 cents from the New York close on Monday.

The dollar showed little change in general, despite a weakness against the Japanese yen, where it fell to Y219.20, from Y223.75 in London on Friday, and Y223.15 in New York on Monday. The U.S. currency finished at DM 1.8020 in terms of the D-mark, compared with DM 1.8075 on Friday and DM 1.8040 on Monday, and at SwFr 1.6625 against the Swiss franc, compared with SwFr 1.6750 in London before the long weekend and SwFr 1.6673 in the U.S. on Monday.

The dollar's index, as calculated by the Bank of England, fell to 84.3 from 84.8 on Friday, and its depreciation, according to Morgan Guaranty in New York, widened to 9.4 per cent from 9 per cent on Monday.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. interest rates led to a decline in the dollar against the German currency—The D-mark showed little change at the Frankfurt fixing, improving slightly against the French franc, Italian lira, Dutch guilder, and Irish punt, but losing ground to the other EMS currencies, the Belgian franc and Danish krone. The dollar was fixed at DM 1.8039, compared with DM 1.8036 on Monday, and the Bundesbank did not intervene. Sterling rose slightly to DM 4.2790 from DM 4.2750. The market was quiet ahead of the release of the U.S. and German trade figures later this week.

FRENCH FRANC—Showing a weaker trend within the EMS, and recently displaced at the top of the system by the Irish punt and Dutch guilder—The franc declined against major currencies in general at the Paris fixing, losing further ground against the punt, guilder and other members of the EMS. The dollar rose to FFr 4.1940 from FFr 4.1830 and sterling to FFr 9.9550 from FFr 9.9030.

DUTCH GUILDER—Very firm near top of EMS despite last month's cut in Netherlands central bank discount rate—The guilder weakened against most currencies at the Amsterdam fixing, but gained ground against the French franc. The dollar improved to Fl 1.9665 from Fl 1.9640, and sterling to Fl 4.6650 from Fl 4.6520. Within the EMS the D-mark, Irish punt, Danish krone, Belgian franc, and Italian lira were firmer, but the French franc eased to Fl 46.89 per 100 francs from Fl 46.97.

JAPANESE YEN—Steadier recently, reflecting the relatively successful fight against inflation, which allowed a cut in the discount rate this week, and also helped by the sharp fall in U.S. interest rates earlier this year—The yen advanced against the dollar in active Tokyo trading yesterday. The U.S. currency fell to Y221.50 from Y223.90, after opening at Y223.30, and finished at its lowest level for four weeks.

THE POUND SPOT AND FORWARD

Aug. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3695-2.3820	2.3795-2.3805	1.37-1.27c pm	6.65	2.95-2.85 pm	4.87
Canada	2.7440-2.7590	2.7570-2.7580	1.75-1.65c pm	7.40	4.05-3.95 pm	5.80
Nethlnd.	4.65-4.69	4.67¾-4.68¾	3-2c pm	6.41	7½-6½ pm	5.99
Belgium	68.40-68.75	68.60-68.70	30-20c pm	4.37	75-65 pm	4.08
Denmark	13.12-13.25	13.23¾-13.24¾	½-2½ ore dis	−1.47	5-6½ dis	−1.74
Ireland	1.1310-1.1360	1.1345-1.1355	0.15-0.20p dis	−1.85	0.18-0.25 dis	−0.76
W. Ger.	4.27-4.30	4.28½-4.29½	3¾-2¾pf pm	9.74	9½-8¼ pm	8.04
Portugal	118.00-119.00	118.70-118.90	40c pm-15c dis	1.26	15-55 dis	−1.19
Spain	172.35-173.25	173.10-173.20	40-95c dis	−4.68	305-380 dis	−7.91
Italy	2029-2039	2037½-2038½	26-29lire dis	−16.19	74¼-77¼dis	−14.96
Norway	11.53-11.57	11.55¾-11.56¾	6⅞-5½ore pm	6.42	11½-10½ pm	3.67
France	9.93-9.98	9.96¼-9.98¼	5-4c pm	6.42	11½-10½ pm	4.41
Sweden	9.93-9.99½	9.97¼-9.98¼	1½-¾ore pm	1.35	1½-¼ pm	0.45
Japan	520-528	521½-522½	2.60-2.20y pm	5.52	6.20-5.80 pm	4.60
Austria	30.27-30.42	30.35-30.40	19-15gro pm	6.52	42-36 pm	0.13
Switz.	3.94-3.97	3.95¼-3.96¼	4-3c pm	10.61	10½-9¾ pm	10.23

THE DOLLAR SPOT AND FORWARD

Aug. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3695-2.3820	2.3795-2.3805	1.37-1.37c pm	6.65	2.95-2.85 pm	4.87
Ireland†	2.0910-2.0960	2.0930-2.0960	0.90-0.80c pm	4.87	2.20-2.00 pm	4.01
Canada	1.1579-1.1601	1.1593-1.1596	0.06-0.03c pm	0.46	0.27-0.22 pm	0.84
Nethlnd.	1.9632-1.9670	1.9632-1.9642	0.05c pm-0.05 dis	—	0.62-0.52 pm	1.18
Belgium	28.83-28.94	28.83-28.85	3½-5c dis	−1.76	5-8 dis	−0.90
Denmark	5.5700-5.5725	5.5705-5.5720	3½-4ore dis	−9.08	9¼-9¾ dis	−6.82
W. Ger.	1.8005-1.8070	1.8015-1.8025	0.32-0.27pf pm	1.96	1.42-1.37 pm	3.10
Portugal	49.83-49.98	49.85-49.95	13-33c dis	−5.57	35-85 dis	−4.90
Spain	72.70-72.87	72.75-72.79	70-90c dis	−13.19	205-235 dis	−12.09
Italy	857.00-857.70	857.10-857.40	16-19lire dis	−24.50	43-46 dis	−20.76
Norway	4.8620-4.8685	4.8620-4.8635	0.10orepm-0.40dis	−0.37	1.25-1.75 dis	−1.23
France	4.1870-4.1955	4.1870-4.1885	0.42-0.52c dis	−1.34	0.50-0.65 dis	−0.55
Sweden	4.1907-4.1950	4.1915-4.1925	1.75-1.90ore dis	−5.22	4.55-4.70 dis	−4.41
Japan	216.60-221.40	216.15-219.25	0.10-0.25y dis	−0.96	0.10-0.25 dis	−0.32
Austria	12.76¼-12.78	12.76¼-12.77¼	Par-0.70gro dis	−0.96	1.25pm-0.50dis	0.12
Switz.	1.6600-1.6700	1.6620-1.6630	Par-0.70gro dis	−0.33	2.36-2.31 pm	5.62

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 26	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.6	−30.0
U.S. dollar	84.5	−9.4
Canadian dollar	91.3	−16.7
Austrian schilling	105.4	+24.2
Belgian franc	115.2	+13.4
Danish kroner	106.6	−4.7
Deutsche mark	154.0	+43.7
Swiss franc	160.2	+78.0
Guilder	125.7	+10.7
French franc	100.7	−0.2
Lira	52.5	−51.6
Yen	130.3	+29.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	10	0.536427	0.599353
U.S. $	10	1.30754	1.40188
Canadian $	10.45	1.51699	1.62919
Austria Sch.	6¾	16.7150	17.9056
Belgium F	12	37.8304	40.8478
Danish K	13	7.29477	7.81790
D'mark	7½	2.36199	2.53130
Guilder	9	2.57052	2.75501
French Fr.	9½	5.47009	5.86114
Lira	15	1121.54	1202.30
Yen	8.25	294.690	314.216
Norwgn. Kr.	6	6.37099	6.82480
Spanish Pts.	9	95.0586	102.036
Swedish Kr.	10	5.48429	5.87995
Swiss Fr.	5	2.18266	2.53703

OTHER CURRENCIES

Aug. 26	£	$		£ Note Rates
Argentina Peso	4505-4528	1900-1907	Austria	30.10-30.40
Australia Dollar	2.0430-2.0470	0.8630-0.8605	Belgium	69.20-69.70
Brazil Cruzeiro	129.68-130.28	54.605-54.905	Denmark	13.12-13.22
Finland Markka	8.70-8.76	3.6690-3.6700	France	9.90-9.96
Greek Drachma	101.543-103.888	42.75-42.96	Germany	4.26½-4.29½
Hong Kong Dollar	11.75¼-11.75	4.9490-4.9610	Italy	1985-2090
Iran Rial	n.a.	n.a.	Japan	523-528
Kuwait Dinar(KD)	0.633-0.639	0.2677-0.2679	Netherlands	4.64½-4.67½
Luxembourg Frc.	68.60-68.70	28.83-28.86	Norway	11.50-11.60
Malaysia Dollar	5.0960-5.1080	2.1483-2.1505	Portugal	114-120
New Zealand Dlr.	2.4240-2.4260	1.0200-1.0910	Spain	168¼-176¼
Saudi Arab. Riyal	7.83-7.98	3.3195-3.3910	Sweden	9.90-10.00
Singapore Dollar	5.0530-5.0550	2.1305-2.1525	Switzerland	3.63½-3.66½
Sth. African Rand	1.8070-1.8085	0.7565-0.7600	United States	2.36¼-2.38
U.A.E. Dirham	8.71-8.77	3.6690-3.6905	Yugoslavia	65¼-75

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5277	+1.85	+0.65	±1.53
Danish Krone	7.72336	7.80960	+1.12	−0.08	±1.64
German D-Mark	2.48208	2.52928	+1.90	+0.70	±1.125
French Franc	5.84700	5.88034	+0.57	−0.63	±1.3557
Dutch Guilder	2.74362	2.75608	+0.45	−0.75	±1.512
Irish Punt	0.668201	0.670452	+0.34	−0.86	±1.668
Italian Lira	1157.79	1202.23	+3.84	+2.75	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.380	4.290	528.0	9.068	5.959	4.078	2058.	2.758	68.65
U.S. Dollar	0.420	1.	1.805	216.3	4.188	1.663	1.905	856.5	1.159	28.84
Deutschemark	0.233	0.555	1.	121.7	2.323	0.922	1.090	476.1	0.643	16.00
Japanese Yen 1,000	1.916	4.559	8.218	1000.	19.09	7.581	8.961	3904.	5.283	131.5
French Franc 10	1.003	2.388	4.304	525.7	10.	3.970	4.693	2045.	2.706	68.87
Swiss Franc	0.253	0.601	1.084	131.6	2.519	1.	1.182	515.0	0.697	17.30
Dutch Guilder	0.214	0.509	0.917	111.6	2.131	0.846	1.	455.7	0.590	14.69
Italian Lira, 1,000	0.491	1.168	2.105	256.1	4.891	1.942	2.295	1000.	1.353	33.68
Canadian Dollar	0.505	0.863	1.006	189.3	3.610	1.435	1.060	739.1	1.	24.90
Belgian Franc 100	1.457	3.467	6.249	760.4	14.52	5.765	6.814	2968.	4.017	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 11/16	offer 11 15/16	bid 12 1/16	offer 12 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅛-17¾	6¾-10	9-11	10 1/16-10 7/16	4-4⅛	8 1/16-9 3/16	11⅛-11⅜	14-20	6 11/16-6 13/16	18-20
7 days' notice	17¼-17½	10¼-10½	9-11	10 3/16-10 7/16	10¾-11¼	8 1/16-8 5/16	11⅝-11⅞	58-55	10⅝-10½	13-13½
Month	17⅛-17⅜	10⅝-10⅞	8⅞-10¼	10 5/16-10 7/16	6½-6⅝	8⅞-9	11⅞-12⅛	33¼-36¼	10 11/16-10 13/16	11¾-12
Three months	16¾-17	11 11/16-12 1/16	10⅜-10⅝	10 5/16-10 7/16	6-6⅛	8 9/16-8 11/16	12⅛-12⅜	31½-32½	11⅝-11¾	11⅝-11⅞
Six months	16⅛-16⅜	12⅛-12⅜	10⅞-11¼	10 5/16-10 7/16	5⅞-6	8 7/16-8 9/16	12¼-12½	30-31	12-12⅛	11¼-11½
One Year	15¼-15½	12⅛-12⅜	11¼-11⅝	10 1/16-10 5/16	5 5/16-5 9/16	8 5/16-8 7/16	12½-12¾	27½-29½	12 1/16-12 3/16	9⅞-10⅛

Long-term Eurodollar two years 12¼-12½ per cent; three years 12⅜-12⅝ per cent; four years 12½-12¾ per cent; five years 12⅝-12⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.70-10.80 per cent; three-months 11.30-11.40 per cent; six-months 11.65-11.75 per cent; one year 11.90-12.00 per cent.

INTERNATIONAL MONEY MARKET

German rates firm

Short term money rates rose in the Frankfurt money market yesterday, as payment became due on the Bundesbank's 25-day sale and repurchase agreement. This will take out around DM 5.4bn from the market, and call money rose as a result to 9.5 per cent, compared with a six-month low of 7.625 per cent seen last Tuesday. Rates have also been affected by indications that banks may not be as well placed as originally thought, with regard to meeting their minimum reserve requirements. The shortage of funds should be countered however by maturing central bank currency swaps, effected earlier to soak up excessive liquidity.

In Paris call money eased slightly to 11 1/16 per cent from 11⅛ per cent previously, after technical shortages had pushed up the rate to 11½ per cent last week.

In Amsterdam call money fell to 10-10½ per cent from 10½-10¾ per cent, while longer term rates rose up to a quarter point. One-month money was quoted at 10⅜-10⅝ per cent against 10¼-10⅜ per cent, and six-month at 10⅜-10⅝ per cent from 10¼-10⅜ per cent.

In New York Chase Manhattan Bank became the first U.S. bank to raise its prime rate to 11½ per cent from 11¼ per cent compared with a recent low of 11 per cent.

UK MONEY MARKET

Extreme shortage

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

The repayment of Friday's exceptionally large loans was seen as the principle factor behind the shortage of money in yesterday's London money market, and the authorities gave assistance on an extremely large scale. This comprised moderate purchases of Treasury bills and a small number of local authority bills, all direct from the discount houses, and moderate loans to three or four houses at MLR for repayment today. In addition the authorities entered into another sale and repurchase agreement on a moderate amount of commercial bills. The market had to face the unwinding of a previous sale and repurchase agreement involving a moderate amount of commercial bills, as well as the repayment of Friday's loans.

On the other hand banks brought forward balances a large way above target, and Government disbursements exceeded revenue transfers to the Exchequer by a moderate amount.

In the interbank market overnight loans opened at 17¼-17½ per cent and touched 17¾ per cent before easing to 16-16½ per cent early afternoon. During the afternoon rates fell away, with closing balances taken in the region of 10 per cent.

GOLD

Weaker trend

Gold fell $6 to $630-633 in moderate trading in the London bullion market yesterday. This was about the highest level of the day, after the metal had opened around the low point of $624-627. It was fixed at $629.00 in the morning, and $628.85 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 85,200 per kilo ($631.85 per ounce) in the afternoon, compared with FFr 85,400 ($633.18) in the morning, and FFr 85,500 ($635.75) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,580 per kilo ($630.53 per ounce), against DM 36,835 ($635.00) previously, and closed at $628-631.

In Zurich gold also finished at $628-631.

	Aug. 26		Aug. 22	
Gold Bullion (fine ounce)				
Close	$630-633	(£265-265¼)	$636-639	(£268½-269¾)
Opening	$624-627	(£263¼-264½)	$645½-646½	(£276-275¼)
Morning fixing	$629	(£265.244)	$639.50	(£270.173)
Afternoon fixing	$628.85	(£264.924)	$639.80	(£269.818)
Gold Coins				
Krugerrand	$649½-651½	(£275¼-275)	$656-659	(£277-279)
Mapleleaf	$645½-648½	(£271½-273½)	$650-654	(£274¼-277¼)
New Sovereigns	$161-163	(£67¼-68)	$161-162	(£68-69)
King Sovs.	$197½-199½	(£79-80)	$188-190	(£76¼-80¼)
Victoria Sovs.	$188-190	(£79¼-80¼)	$188-190	(£76¼-80¼)
French 20s	$158-162		$160½-161½	
50 pesos Mexico	$778-782		$790-794	
100 Cor. Austria	$615-690		$618-682	
$20 Eagles	$751-755		$755-759	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK

Prime Rate	11¼-11½
Fed. Funds	10-10⅛
Treasury Bills (13-week)	10.01
Treasury Bills (26-week)	10.29

GERMANY

Discount Rate	7.5
Overnight Rate	8.50
One month	9.10
Three months	8.60
Six months	8.30

FRANCE

Discount Rate	9.5
Overnight Rate	11.0625
One month	11.4375
Three months	11.4375
Six months	11.5625

JAPAN

Discount Rate	8.25
Call (Unconditional)	11.5625
Bills Discount (three-month)	—

LONDON MONEY RATES

Aug. 26 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ǂ	Eligible Bank Bills ǂ	Fine Trade Bills ǂ
Overnight	—	10-17⅝	—	—	—	—	15-16	—	—	—
2 days notice	—	—	17¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	15½-16	—	—	—
7 days notice	—	16¾-17	17⅛-17⅜	—	17¼	—	16¾	—	—	—
One month	16⅛-16⅝	16 1/16-16 5/16	16¾-16 15/16	17½-17¾	17¼	17¼-17⅜	15⅜	14 5/8-14 11/16	16 3/16	17
Two months	16 1/8-16 1/16	15 7/8-15 15/16	—	15¾-17¼	17⅛	—	10⅛	14 7/16-14 9/16	16 1/16	16¾
Three months	16 1/16-16 5/16	16 1/16-16 5/16	16½-16¾	16⅜-16⅞	17	17-17⅛	—	14 9/16	15⅞-15 15/16	16⅜
Six months	16-15 15/16	16 1/16-16 5/16	15⅞-16¼	15⅝-16⅛	10⅝	10½-19⅝	—	—	14 9/16	15⅜
Nine months	10⅜-15 13/16	15½-15⅝	—	15¾-16¼	15¾	15⅛-16	—	—	—	—
One Year	14⅞-14 15/16	15 7/16-15 9/16	14⅞-15	14⅞-15⅛	15¼	15½-15⅝	—	—	—	—
Two years	—	—	14⅜-14⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14-14½ per cent; four years 13⅞-14 per cent; five years 13⅞-14 per cent. ǂ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅞ per cent; four-month trade bills 16⅝ per cent.

Approximate selling rate for one-month Treasury bills 14 21/32-14 23/32 per cent; two-months 14 21/32-14 23/32 per cent; three-months 14 9/16 per cent. Approximate selling rate for one-month bank bills 16 3/16 per cent; two-months 15 15/16 per cent; three-months 15¾-15 13/16 per cent; one-month trade bills 16⅝ per cent; two-months 16⅞ per cent; and three-months 16⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.8005 per cent.

CONTRACTS AND TENDERS

RESIDENTIAL PROPERTY

EDUCATIONAL

COURSES

TRAVEL

ANNOUNCEMENTS

MR. ALAN K. DAVIES, Director of Supplies and Transport, British Steel Corporation, is resigning to join the Board of Somarco (London) Ltd. and Somarco Tankers Ltd. as Executive Chairman as from 15th September, 1980.

PUBLIC NOTICES

CITY OF NORWICH. Issued £1,000,000 on 27th August 1980 to mature 26th November 1980 at 14 9/32%. Total applications £6,000,000. Total bills outstanding £1,000,000.

COMPANY NOTICES

DIVIDEND NOTICE
TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF TOKYO SHIBAURA ELECTRIC CO., LTD. (TOKYO SHIBAURA DENKI KABUSHIKI KAISHA)
DESIGNATED COUPON No. 38
(Action Required on or Prior to 30th November, 1980)* *

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th, 1970, among Tokyo Shibaura Electric Co., Ltd., (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan, on 27th June, 1980, such stockholders approved the payment of a dividend of 3.00 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian, as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 220.70 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organized thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.* *

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 38 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 38. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below, upon the surrender of Coupon No. 38.

DEPOSITARY'S AGENTS

Name	Address
Chemical Bank	Frankfurt, Germany.
The Bank of Tokyo, Ltd.,	London, England.
The Bank of Tokyo, Ltd.,	Paris, France.
The Bank of Tokyo, Ltd.,	Brussels, Belgium.
The Bank of Tokyo, Ltd.,	Frankfurt, Germany.
Pierson, Heldring & Pierson,	Amsterdam, The Netherlands.
Banca Nazionale del Lavoro,	Rome, Italy.
Banca Nazionale del Lavoro,	Milan, Italy.
Kredietbank S.A. Luxembourgeoise,	Luxembourg.

The following table sets forth the amounts payable upon presentation of Coupon No. 38 from the various denominations of Receipts.

Coupon No. 38 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	$ 0.57	$ 0.51
10 Depositary Shares	$ 5.70	$ 5.09
50 Depositary Shares	$28.50	$25.43
100 Depositary Shares	$57.00	$50.85

Payment in United States Dollars in respect of Coupon No. 38 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with, a bank in New York City.

Dated: 27th August, 1980

CHEMICAL BANK, as Depositary
180 Strand,
London, W.C.2., ENGLAND.

* 31st March, 1980 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 38 attached.

* * Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 30th November, 1980 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 38.

As a result, persons surrendering Coupon No. 38 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realize such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

GOLD FIELDS GROUP
VOGELSTRUISBULT METAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
DECLARATION OF DIVIDEND NO. 67 — UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of Dividend No. 67 declared on 6 August 1980, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of 1.800289 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 28 August 1980 as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Dividend No. 67 of 5.0 cents per share is therefore 2.77733p per share.

By order of the Board,
C. E. WENNER,
London Secretary.

London Office:
49 Moorgate,
London EC2R 6BQ.
United Kingdom Registrar:
Close Registrars Limited,
805 High Road,
Leyton,
London E10 7AA.
26 August 1980.

SENNAH RUBBER COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Sixty-third Annual Ordinary General Meeting of the company will be held at 13 Rue Notre Dame des Victoires, Paris 75002, on Thursday, 18th September 1980 at 11.30 a.m., to receive the Directors' Report and the Accounts for the year ended 31st December 1979, to declare a Dividend, to elect Directors, to appoint Auditors and for the transaction of any other ordinary business.

The Dividend recommended by the Board is of 40p per £1 share (gross) and, if approved at the Annual General Meeting, will be payable on 1st October 1980 to members on the Register at 3.00 p.m. on 29th August 1980.

Coupons No. 28 from share warrants to bearer may be presented, through an Authorised Depositary, to the London Paying Agents, Standard Chartered Bank Limited, Safe Custody Department, 4 Crosby Square, London, EC3A 6BB, for payment on or after 1st October 1980, allowing three clear working days for checking. Coupons must be enumerated on special forms which can be obtained, in advance, from the bank. If dividends are being claimed from the London Paying Agents without deduction of United Kingdom tax for non-residents the coupons must be accompanied by affidavits.

By Order of the Board
INDUSTRIAL AND FINANCIAL SECRETARIAT LIMITED
Secretaries

48 Bedford Row,
London, WC1R 4LJ.
28th August 1980.

In order to be entitled to attend and vote at this Meeting, holders of Share Warrants to Bearer must deposit their Share Warrants not later than 11th September 1980 at the Registered Office of the company, 46 Bedford Row, London, WC1R 4LJ.

Every Member entitled to attend and vote at the above mentioned Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him, and any such proxy need not also be a Member of the company.

THE THARSIS SULPHUR AND COPPER COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that the Second Interim Dividend in lieu of a final for the year ended 31st December, 1979, of 6p per Share on the Capital of the Company will be paid on and after 3rd September, 1980, to Shareholders registered in the books of the Company at the close of business on 21st August, 1980, and to holders of Share Warrants to Bearer as indicated below.

Holders of Share Warrants to Bearer in Great Britain or Northern Ireland must arrange for Coupon No. 81 to be lodged either at the Registered Office of the Company in Glasgow, or at Bank of Scotland, Securities Department, P.O. Box 30, 55 Old Broad Street, London EC2P 2HL. Outwith the United Kingdom coupons may be lodged at any of the following offices:—

MM. Lazard Frères et Cie., 121 Bd. Haussmann, 75382 Paris, Cedex 08.
Banques Vernes et Commerciale de Paris S.A., 52 avenue Hoche, 75008 Paris.
Banque Générale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

The appropriate form for claiming the dividend on bearer coupons may be obtained at any of the above offices and it should be noted that coupon numbers no longer require to be listed on the form.

The dividend will be paid without deduction of United Kingdom income tax in the following circumstances:—

REGISTERED SHARES
(a) Where dividend warrants are sent to Members at their registered addresses outwith the United Kingdom or to their appointed agents outwith the United Kingdom.
(b) Where specific authority has been received from the Inspector of Foreign Dividends to pay without such deduction.

BEARER SHARES
(a) Where coupons are presented for payment in Paris or Luxembourg.
(b) Where coupons are presented for payment in the United Kingdom accompanied by the appropriate non-resident declaration forms.

Other dividend payments will be subject to a deduction for United Kingdom income tax at the rate of 30%.

By Order of the Board,
R. N. PETERS,
Secretary.

Registered Office:
138 West George Street,
Glasgow, G2 2HF.
27th August, 1980.

WORLD STOCK MARKETS

Dow advances 4.26 by 1 p.m.

Technology and Speculative stocks were the centre of attention early in Wall Street as share prices rose in moderate trading. Analysts cited technical reasons for the rise and said the market had apparently discounted the rise in the prime rate to 11½ per cent by three big banks.

The Dow Jones Industrial Average was up 4.26 to 960.49 at 1 pm after opening lower and advances led declines seven to five on volume of 28.41m shares (24.01m). The NYSE All Common Index was up 23 cents at $72.26.

IBM gained ⅜ at $67¼. National Semiconductor, $1½ at $40¾. Teledyne $4 at $167½ and Kodak $1⅜ at 67⅞.

Mary Kay Cosmetics was $4⅜ higher at $61¾ after being seven points higher earlier in the day.

Esmark gained ½ to $57⅜. It agreed to dispose of its Transocean Oil subsidiary to Mobil for $740.1m. Active Mobil eased ⅝ to $70¾.

Texaco rose ⅞ to $38¾, after announcing an oil discovery in the North Sea.

Kerr-McGee, which has a 40 per cent interest in a well off Louisiana which tested oil, put on $2½ to $81½. Felmont Oil, on the American Exchange, was unchanged at 39½. It owns 16 per cent of the well.

THE AMERICAN SE Market Value Index added 1.09 at 332.57 at 1 pm, with advances ahead of declines 279 to 225.

Topping the active lists was Inter-City Gas, up $1½ to $18½, followed by Gulf Canada up ½ to $26⅛ and Houston Oil off ½ to $35¾.

Canada

The market advanced fairly sharply in moderate trading. At noon the Toronto Composite Index had advanced 10.8 points to 2278.0, with advances leading declines 185 to 156. Metals and Minerals were up 35.4, Golds 15.9 and *Oils* and Gases 27.4.

Inco, the most active industrial, was up C$1⅛ to C$29¾ on 108,076 shares and Noranda C$⅞ to C$29⅞, also in active trading.

Among Oils, Shell Canada rose ⅜ to C$31⅜, Gulf Canada ¼ to C$31 and Dome Petroleum C$1¼ to C$87¾. Imperial Oil "A" fell ⅜ to C$43.

Hudson's Bay Oil gained ⅜ to C$37⅞. It abandoned a well off Prince Edward Island after failing to find hydrocarbons.

Among Golds, Dome Mines was up C$1 to C$128, Campbell Red Lake ½ to C$68 and Camflo ¼ to C$32⅞.

Noon volume was 2.66m (2.64m) shares.

In Montreal, the market was higher, and the industrial index 1.09 ahead at 398.43. Advances led declines 43 to 25.

Paris

Prices closed firmer in active trading.

Wall Street's decline on Monday had no influence on the market where Properties and Investments, Cars, Foods, Electricals and Banks and Insurances showed the strongest advances.

Peugeot *gained* FFr 8 at FFr 215 in Cars, while Bouygues rose FFr 16 at FFr 680 in firmer Constructions.

Thomson CSF put on FFr 12.50 at FFr 473 in Electricals, while Rubbers, Hotels, Metals and Engineering held steady.

Stores and Public Services tended mixed, while Oils eased with Elf Aquitaine down FFr 15 at FFr 1,165 and Raffinage FFr 3.5 lower at FFr 151.5.

In Foreign stocks, U.S., Germans, Canadians and Coppers were steady, Oils tended mixed at Gold Mines eased.

Germany

Share prices recovered somewhat in relatively lively trading, with foreign investors returning to the market. The Commerzbank Index rose 3.8 points to 730.7.

Trading activity centred on Banks, Chemicals and some Electricals, with many of these closing higher.

Siemens put on DM 3.40 at DM 378 and AEG 20pf at DM 88.70. However, GHH shed 50pf to DM 215 despite its *higher dividend announcement*. Others to lose ground were Hoesch, down 90pf to DM 24, KHD, down DM 1.40 to DM 213.10, and Dresdner Bank, down 50pf to DM 194. But Commerzbank rose DM 3.80 to DM 730.70.

The new post loan was favourably received, while older public authority loans lost up to 65pf. The Bundesbank bought DM 11.1m in the open market after virtually nil on Monday. Mark Europeans weakened.

Tokyo

Share prices closed lower after some profit-taking in front-runners. Investors were wary of high price levels, dealers said, and a strong wait-and-see mood dominated ahead of the end of the month. The Nikkei Dow Index shed 16.94 to close at 6906.05 in light trading of *250m* shares, with declines outpacing advances by 364 to 276. The Tokyo SE Index was 1.69 down at 477.84.

Big capitals, Blue chips and Populars led the fall in a reaction to the continued rise over *the past few days*. Matsushita Electric retreated Y30 to Y744, Ricoh Y7 to Y573, Toshiba Y1 to Y207 and Kawasaki Steel Y3 to Y134. Sony and Hitachi remained unchanged on Y2,690 and Y308 respectively.

Foreign purchases subsided, mainly because of the bank holiday in Britain on Monday.

Hong Kong

On a busy day's trading, stocks closed generally firmer but below their highest after some late profit-taking. The Hang Seng Index put on 12.71 to 1,226.03, its highest since March 1973.

Interest centred on leading stocks, where Cheung Kong rose HK$1.70 to HK$26.70, Hong Kong Wharf 50 cents to HK$91.50 and Jardine Matheson 90 cents to HK$20.90.

Singapore

The Straits Times Index passed 600 points for the first time in seven years, advancing 9.58 to close at 603.66, close to the all-time high of 611.56 recorded in February 1973.

Leading prices were boosted by a combination of local investment activity and selective buying by foreign institutions. Nonetheless, some dealers said the index made the market seem stronger than it was, on the basis *of a few index components*.

Heavy buying was seen of Pan Malayan Cement, Central Sugars and Boustead and Perlis Plantations. Tins and Banks were also strong.

Australia

After a solid day's trading, in which buying in the second session overtook selling in the first, shares closed generally higher. With little overseas money to buoy the market, it was left to local traders to provide the boost.

BHP reflected the mood of the market: after an indifferent performance early in the first session, it rose steadily throughout the day to close at A$15.85 for a gain of 25.

CSR, however, lost ground and finished 2 cents lower at A$7.78.

Heavyweight Miners and special situation stocks commanded the most attention. CRA and Bougainville both rose marginally to set the trend for the Mining sector. Pancon and WMC accepted the challenge and finished the day stronger as did MIM, which climbed 2 cents to A$5.30. Mining gains edged out declines 65 to 64.

Johannesburg

Gold shares closed easier in line with the gold price in fairly quiet trading with small London buying noted.

Most producers eased although a few firmed by 20-55c. Heavyweights were 50 to *250* cents lower and Medium and Lightweights shed 5c to 75c. Randfontein and Venterspost losing 250c and 75c to R83 and R21 respectively. Mining Financials were *mixed to easier*, Platinums eased and De Beers lost 5c to R11.55. Associated Manganese was untraded at R55 following results.

Industrials closed mixed to easier.

Closing prices for North America were not available for this edition.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

JAPAN

BRAZIL

Financial Rand US$0.82¼ (Discount of 37¼%)

COMMODITIES AND AGRICULTURE

EEC record demand for soya meal

NEW SUPPLIES of soyabean meal in the EEC and Spain rose 20 per cent to a record 4.54m tonnes in the April-June quarter this year, the Hamburg-based weekly "Oil World" says reports Reuter.

The higher-than-expected increase reflects the price attractiveness of soyabean meal since last February, relative both to last season's prices and to competing meals, the magazine says.

Oil World notes U.S. soyabean meal prices cif Rotterdam were on average from $16 to $43 per tonne lower in April-June than in the same 1979 period.

But naarly all competing oilmeals, particularly cotton extraction pellets, groundnut meal, sunflower pellets, copra extraction pellets and palm kernel expeller, were $15 to $30 above the same 1979 period.

A fall in supplies of eight other oilmeals to 1.78m tonnes in April-June, mainly due to lower cotton and groundnut supplies, also contributed to the surge in soyabean demand.

Irish foot and mouth scare

THE Irish Republic's livestock industry waited anxiously yesterday to see whether a foot-and-mouth disease scare was confirmed.

All livestock movements within a five-mile radius of a farm near Tullamore, County Offaly, were at a standstill because of the scare. Two animals are suspected of having the disease, which has not occurred in Ireland since 1941.

Crofters angry at exclusion

By Our Commodities Staff

SCOTTISH CROFTERS are angry that most of them have been excluded from the EEC's new suckler cow premium scheme. At a meeting of the Scottish National Farmers' Union's crofters' committee last week they claimed income criteria excluded 90 per cent of their number from receiving payments under the scheme, which is intended to encourage production of beef rather than milk.

The union plans to make urgent representations to the Government to have this condition changed.

Hope fades for early U.S. copper workers settlement

BY OUR COMMODITIES STAFF

HOPES are not high for an early settlement of the U.S. copperworkers' labour dispute which has halted supplies to many customers.

Talks going on between the workers' union, the United Steelworkers of America, and the companies affected are reported to have made some progress but this has been mainly on local issues, not on the basic economic questions.

The strike, now in its ninth week, is centred on a demand by the companies that the unions forego a cost of living increase due under the last contract before negotiatting a new one.

Latest assessments suggest that a settlement is unlikely before mid-September though talks are currently going on between the union and Phelps Dodge Corporation and Anaconda Company. Kennecott, the biggest company involved, held talks with the union last week.

Even if one of the companies reached a settlement it might take a few weeks for the others to follow suit and a further six to eight weeks would be required for full production to be resumed.

From Lusaka, meanwhile, the official Zambian news agency reported that labour unrest is growing among copper miners. Mr. David Mwila, chairman of the Mineworkers' Union of Zambia, has warned that the union will "hit where it hurts most" if employers persist in ignoring union demands for a new production bonus scheme, a better job evaluation system, and improved pension schemes. So far the two leading state-controlled mining companies, Nchanga Consolidated Copper Mines and Roan Consolidated Mines, have offered only minor concessions.

Workers at one mine have threatened to go on strike early next month if no action on the demands is forthcoming.

On the London Metal Exchange, however, there was little reaction to labour developments in the copper industry. The cash copper wirebars price gained £6 to £851 a tonne, but this was seen mainly as a reaction against last week's sharp fall rather rather than as a response to continuing labour unrest.

A 4,050 tonnes rise in LME copper stocks to 118,625 tonnes last week had little effect on market sentiments as it was pretty well in line with forecasts.

A 65 tonnes fall in tin stocks to 2,745 tonnes was also close to dealers predictions but the 1,425 tonnes increase to 49,275 tonnes in lead stocks was significantly bigger than expected. Zinc stocks were up 1,675 tonnes to 59,975 tonnes, slightly more than forecast.

Silver stocks rose 330,000 ounces to 7.4m ounces.

● In Penang Mr. Paul Leong, Malaysian primary industries minister, said he will discuss the issues standing in the way of a viable sixth International Tin Agreement with senior U.S. officials during his visit to the U.S. He leaves for New York on Friday to attend the United Nations pecial special session on Development and International Economic Co-operation.

He expressed confidence that the agreement would be favourably concluded soon.

Argentina seeks China grain deal

PEKING — A delegation of Argentine grain officials, led by the president of the country's Grain Board, is due here today for preliminary discussions on a new wheat agreement, reports Reuter.

Argentina and China signed a three-year deal in mid-1978 for the supply of 1m tonnes of wheat and maize for the 1979-81 period.

Local traders expect this week's talks to be of a preliminary nature, with more substantive discussions next year for a renewal of the agreement. They said Argentina also hopes to include sorghum in the next agreement.

China purchased 465,404 tonnes of wheat from Argentina up to end of July this year, with prospects for taking more from the new Argentine harvest. Some 440,000 tonnes of this was for delivery during the first four months of the year.

Last year China bought 890,000 tonnes of Argentinian wheat.

China also bought about 300,000 tonnes of maize from Argentina early this year, and was believed to have resold this as world prices increased. It also purchased 20,936 tonnes of flax oil from Argentina this year up to the end of July compared with 8,000 in the whole of 1979.

Other purchases last year included 30,000 tonnes of sorghum, 150,000 tonnes of soyabeans and 30,000 tonnes of soyabean oil.

In Bangkok meanwhile the Thailand foreign trade department said it had agreed in principle to sell Senegal between 150,000 and 200,000 tonnes of rice on a government-to-government basis for delivery next year, Mr. Bajr Issaraseoa, director-general of the department, said. A Senegalese team headed by Mr. Mustafa Tal, director of the Office of the Ministry of Commerce arrived last weekend on a buying mission.

The rice is AAA 1 super broken grade and delivery will start in January, 1981, with each lot ranging between 25,000 to 30,000 tonnes, be added.

Our Manila correspondent writes: The Philippines Government has announced a ban on the exportation of rice to Iran and South Africa—in line, it said, with the country's "international commitments."

A one-time rice importer, the Philippines has become a net exporter since 1978. Last month, rice exports earned $4.39m for the country.

The action taken against Iran was in response to a request from the U.S. which has imposed a trade embargo against the Tehran government.

In the case of the ban on rice exports to South Africa, this is in accordance with a UN resolution condemning the apartheid policy in that country.

Philippine trade with Iran has been in decline since about a year ago when the latter stopped selling crude oil to the Philippines in protest against the Manila government's policy on Muslim Filipinos. Previously the Philippines was exporting sugar, cement, fruits and rice to Iran.

There has been very little trade between the Philippines and South Africa and the latest move is not unprecedented. Over a year ago, importation of South African sardines was stopped by the Government, instancing the same UN resolution.

European sugar cut forecast

RATZEBURG — West German sugar statistician, F. O. Licht, expects 1980-81 European sugar production to fall to 28,440,000 tonnes compared with 28,964,000 tonnes in 1979-80.

Total West European output in 1980-81 was put at 16,250,000 tonnes against 16,883,000 in 1979-80, with EEC production forecast at 12,185,000 tonnes against 12,954,000. Licht put East European at 12,190,000 tonnes against 12,081,000 in 1979-80.

French 1980-81 output was forecast at 4,150,000 tonnes compared with 4,313,000 in 1978-80, West Germany's at 2,750,000 tonnes (3,088,000): Italy's at 1,700,000 (1,698,000); UK's at 1,200,000 (1,255,000): and the Netherlands at 870,000 (927,000).

In Eastern Europe Soviet output was estimated at 8m tonnes (7.5m): Poland's at 1,450,000 (1,580,000); Czechoslovakia's at 840,000 (920,000); East Germany's at 650,000 (720,000); Hungary's at 430,000 (511,000): and Romania's at 550,000 (570,000).

Turkey was expected to produce 1,180,000 tonnes against 1,068,000: Spain 900,000 (714,000); and Austria 435,000 (408,000). Reuter

French beat own blockade

Financial Times Reporter

THE FRENCH fish industry is using Portsmouth harbour to break their own fishermen's blockade.

Large quantities of crabs, caught by Channel Island fishing fleets, who usually ship them straight from the fishing beds into French ports, are being brought into Portsmouth.

Refrigerated container lorries from France are collecting the crabs at Portsmouth's Camber Docks.

Yesterday two lorries, both loaded on Monday, were waiting for customs clearance in Portsmouth, and a third was on its way to the harbour to meet another Channel Islands fishing fleet.

The lorry-drivers were planning to return to France via Plymouth and Roscoff, by-passing the blockades at Cherbourg and Le Havre.

COFFEE

Demand disappoints Brazilian growers

BY RIK TURNER IN SAO PAULO

A CERTAIN unfounded euphoria surrounded the reopening of export registries by the Brazilian Coffee Institute (IBC) last week. International demand was expected to stimulate domestic prices, with exporters clamouring for more coffee from producers.

In the event, this did not occur. Firstly, international demand was nowhere near what had been hoped, as overseas buyers held off in the expectation of a further drop in prices. As M. Alfred Dangoor, a Sao Paulo coffee broker, observed, "Although some 300,000 to 400,000 bags were contracted for on the first day of trading, only 170,000 bags were registered." This means that consumers were requesting that sales be left unregistered, as an eventual drop in prices will further effect the final price they must pay, it being calculated on an average of prices between registry date and date of delivery.

Consumers can afford to stay bearish with respect to Brazilian coffee, as it is known that the country is committed to selling another 5.5m bags from now till December when the Central Americans come back on to the market in force, if the IBC's 1980 target of 15m bags are to be sold and as announced by Sr. Octavio Rainho, the institute president in a speech the day after reopening, this means the continuation of the IBC's buyer rebates.

Equally, exporters have serious liquidity problems at present, coming out of a month-long suspension of operations and suffering from government credit restrictions.

In recognition of exporters' problems, the IBC on August 21 temporarily suspended the rule whereby exporters must close exchange operations for coffee exports within 48 hours of registering allowing for a degree of speculation against eventual mini devaluations, which come as black market prices for the dollar are reaching 20 per cent over the official exchange rate.

Nonetheless exporters are expected to maintain short positions here, with total stocks in private hands not exceeding 4m bags at the moment. Much criticism has been expressed recently for the IBC's buyer rebates, which have so far cost the country some $250m.

LONDON coffee futures made a modest recovery from early-afternoon lows but still finished with significant losses from pre-weekend levels. The November position ended the day £43.5 down at £1,133 a tonne. Dealers said there was some physical interest at the lower levels and this, together with light producer support and trade buying, helped to steady the market.

An influential journal recently estimated that by the end of the year the Institute will have had to reimburse overseas buyers to the tune of $7m, which would reduce export earnings for the sector to $2.3bn this year, with negative repercussions on the balance of trade, particularly as other large agroexports such as cocoa are also at a low on world markets.

Buyer rebates were used by previous IBC administrations as a means of rewarding certain favoured customers, but now they have become the order of the day as Brazil must sell coffee. As one sector expert expressed the situation glumly, "the only thing worse than selling cheap is not sell at all."

And it is in this climate that the IBC reopens registries, with the only option being the contracts which guarantee rebates. Malicious observers point out that the consumers' bearishness and Pancafe's total failure to defend price levels came precisely in the wake of the IBC's rebate-linked contracts, almost as if the contracts were signed in the knowledge that the market would plunge.

The most asiduous criticism made of the present IBC commercialisation policy is that it places the power of pricing the product back in the hands of the consumers. It sidesteps the institute's policy of setting a minimum export price for coffee by tying the final price paid to the price fluctuations of the centrals and robustas on the international market.

Sr. Isaac Ferreira Leite, president of the Coffee Growers' Cooperative in Gauxupe, in the state of Minas Gerais, said the producers were in a position of expectancy, awaiting an improvement in international prices, which in turn would have a positive effect on the domestic market, which at the end of last week lost 25 per cent of its value. He called the rebate contracts "the only way of selling our coffee," and said that the growers' main demand at the moment was for more financing from the Government.

However, if as some informed sources suggest there is in fact strategy abroad to further depress coffee prices. Growers will return to their habitual object of criticism, the "confisco cambial" or export tax, which was actually increased at reopening from $108 to $115 per 50-kilo bag.

Racketeers hit Kenya farmers

RACKETEERS have been selling coffee farmers in Kenya chalk and washing blue instead of chemicals to guard against coffee berry disease and leaf rust.

The racket has been so widespread that Kenya may lose 10 to 15 per cent of this year's crop, said Mr. P. M. Katingima the Coffee Board's deputy general manager.

He advised farmers to be on the look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Nyeri and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodifolitan" (Captafol) the active chemical content in which should be 80 per cent.

In some cases difolitan turned out to be 100 per cent whitewash. Other samples sent to the laboratories indicate that farmers were duped into buying dieldrin of as low as 0.01 per cent.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer, compared with Friday's closing levels on the London Metal Exchange. Forward metal opened around the £870 level and thereafter traded in a £6 range, dipping to £864 on the morning Kerb before recovering to close the afternoon Kerb at £867. Modest demand for cash material narrowed the backwardation to around £16½ at the close, despite the rise in warehouse stocks. Turnover: 16,500 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £848; three months £865, 65.5, 66, 67, 66.5, 67, 66, 65, 64.5, 64. Cathodes: Cash £816, 15.5; three months £838. Kerb: Wirebars: Three months £862, 63, 63.5, 64, 65, 64: Afternoon: Wirebars: Three months 866, 67, 67.5, 68. Kerb: Wirebars: £870, 69, 69.5, 69, 70, 69, 68, 67.5, 67.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	847.5-8.5	+5	850.5-51.0	+.5
3 months	864-.5	+2.25	867.5-68	+5.75
Settlem't	848.5	+3	—	
Cathodes				
Cash	815.5-6	—.75	823-25	+7.5
3 months	838-.5	+1.25	844-45	+7.5
Settlem't	815	—1	—	......
U.S. Prod	—	......	*92.5-101.5	......

TIN—Barely changed in quiet trading, although interest in cash metal established a £15 backwardation. Forward metal held in the £7,120 to £7,110 range throughout the day prior to closing the late Kerb at £7,115. Turnover: 780 tonnes.

Morning: Standard: Cash £7,110, 15; three months £7,120, 7,100, 10, 09, 05. Kerb: Standard: Three months £7,110. Afternoon: Standard: Three months £7,120, 15, 10, 15. Kerb: Standard: Three months £7,115.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7115-25	—7.0	7115-25	—7.5
3 months	7130-50	+12.5	7120-30	—2.5
Settlem't	7125	—5	—	......
Standard				......
Cash	7115-20	—7.5	7115-25	—7.5
3 months	7105-10	—20	7115-16	—12
Settlem't	7125	—5	—	......
Straits E.	‡2135	—2	—	......
New York	—	......		

LEAD—Slightly easier in quiet trading with forward metal opening at £375, slipping to £370 as copper lost ground, before rallying to close the afternoon at £376. Turnover: 7,200 tonnes.

Morning: Three months £370, 71, 72. Kerb: Three months £373, 74. Afternoon: Three months £375, 76, 75, 75.5. Kerb: Three months £375, 75.5, 76.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	358.5-9.5	—5.5	362-63	—2
3 months	371.5-2	—6.85	375.5-76	—1.75
S'ment	359.5	—5.5	—	......
U.S. Spot	—	......	*44	......

ZINC—Marginally lower in idle and routine trading with three months moving between £336 and £339 prior to closing the late Kerb at £337.5. Turnover: 3,175 tonnes.

Morning: Cash £326, 26.5; three months £337, 38, 37.5, 37. Kerb: Three months £338. Afternoon: Three months £337.5, 38, 38.5. Kerb: Three months £338.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	326-6.5	—3.5	327-27.5	—2.5
3 months	337-7.5	—3	338.5-39	—1.5
S'ment	325.5	—4	—	......
Primw'ts	—	......	*35.5-36.5	......

ALUMINIUM—Fell away as initial stale bull liquidation triggered stop-loss selling and depressed forward metal from £734 to the day's low of £717 prior to a close of £717.5. Persistent selling of cash material, following the increase in stocks, narrowed the backwardation from £14 to £7. Turnover: 7,375 tonnes.

Morning: Cash £739; three months £731, 29, 28.5, 28, 29, 27, 28, 27. Kerb: Three months £727. Afternoon: Three months £726, 21, 22, 23, 22, 21, 20.5. Kerb: Three months £721, 20, 18, 17.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	730-40	—7	725-35	—16.5
3 months	727-28	-5.25	721-22	—11.2

NICKEL—Moved narrowly in dull and routine trading with forward metal finally quoted at £2,797.5 on the afternoon Kerb. Turnover: 228 tonnes.

Morning: Cash £2,755; three months £2,800. Afternoon: Three months £2,797.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2750-95	—12.5	2745-50	—
3 months	2795-2800	—0	2795-97	+1.0

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 5.5p an ounce lower for spot delivery in the London bullion market at 678.45p. U.S. equivalents of the fixings were: Spot $12.19, down 9c: three-month $16.536, down 6.7c; six-month $17.207, down 15.7c; and 12-month $17.88, down 0.6c. The metal opened at 671-675p ($15.90-$12.00) and closed at 677p-681p ($16.1-$16.2).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	678.45p	—5.5	680.0p	—5.5
3 months	705.60p	—5.15	706.5p	—5.5
6 months	731.60p	—1.6	—	......
12 months	774.70p	—1.5	—	......

LME—Turnover 50 (80) lots of 10,000 ozs. Morning: three months 706, 6.5, 7, 8.5, 6, 5.5, 5. Kerb: untraded. Afternoon: three months 706, 7. Kerb: three months 705, 4.

COCOA

Cocoa futures continued to trade within the same recent narrow range as both producers and consumers remain withdrawn from current market levels, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep	952-954	—0.6	958-952
Dec	996-997	—1.0	1001-996
March	1039-40	—4.0	1044-30
May	1058-61	—7.0	1066-61
July	1082-83	—6.0	1085-81
Sept	1105-08	—4.5	1115-07
Dec	1133-35	—3.0	1135-32

Sales: 2,087 (1,298) lots of 10 tonnes.

COFFEE

A weaker New York prompted losses of £43 on the opening. A steady recovery was seen towards late morning but dealings remained thin, reports Drexel Burnham Lambert. The afternoon saw values slip again in mixed dealings. Volumes increased as the market neared contract lows, but recovered slightly to close just above them.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1080-85	—46.0	1107-075
Nov	1131-35	—43.5	1150-21
January	1155-57	—45.5	1190-50
March	1163-68	—33.0	1183-51
May	1175-80	—33.0	1200-170
July	1180-215	—25.5	1880-00
Sept	1201-20	—24.5	—

Sales: 4,825 (4,518) lots of 5 tonnes.

ICO Indicator Prices for August 25 (U.S. cents per pound). Other Mild Arabicas 129.00 (130.00). Robustas ICA 1972 127.00 (130.00). ICA 1968 127.25 (130.25). Unwashed Arabicas 211.00 (212.00). Comp. daily ICA 1968 164.75 (166.58).

GRAINS

LONDON GRAIN FUTURES—The spot wheat position came under pressure from long liquidation and eased 25p but good commercial buying kept the other positions steady and towards the close heavy trade buying pushed values up sharply closing up to 55p higher on the day, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Sept	94.50	+0.20	88.25	—0.30
Nov	97.65	+0.55	95.55	—0.10
Jan	102.00	+0.50	97.35	......
Mar	105.65	+0.55	100.85	......
May	109.00	+0.35	104.40	+0.05
July	112.50	+0.55	—	......

Business done—Wheat: Sept. 94.30-94.05, Nov. 97.80-97.40, Jan. 102.00-101.50, March 105.50-105.20, May 108.75-108.65, July no trade. Sales 290 lots of 100 tonnes. Barley: Sept. 89.15-88.60, Nov. 93.40-93.00, Jan. 97.35-97.00, March 100.95-100.75, May 104.45-104.35. Sales 251 lots of 100 tonnes.

IMPORTED — U.S. Dark Northern Spring No. 2, 14 per cent, Sept. 96.50, Oct. 100, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 95.75, Sept. 97.75, Oct. 100, transhipment East Coast. English Feed fob Sept. 97.50, East Coast. Maize: French Sept. 124.50, transhipment East Coast. S. African Yellow Sept.-Oct. 80.00. Barley: English Feed fob Oct. 95, Nov. 96.50, Dec. 97.50, Jan.-March 103, April-June 108, East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 83.90, S. West 94.40, W. Midlands 83.40, N. West 87.40. Other milling wheat: S. East 93.30. The UK Monetary Coefficient for the week beginning Monday September 1 (based on HGCA calculations using five days exchange rates) is expected to change to 0.959.

RUBBER

The London physical market opened unchanged, with little interest throughout the day, closing on a dull note. Lewis and Peat reported an fob September price for No. 1 RSS in Kuala Lumpur of 306.5 (307) cents a kilo and SMR 20 at 271.5 (271).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Oct	63.50-63.70	63.80-64.10	63.90
Nov	64.00-64.88	—	64.90
Oct-Dec	64.40-64.60	64.70-64.90	65.20-64.40
Jan-Mar	68.00-68.10	68.30-68.50	68.60-67.90
Apr-Jne	71.20-71.30	71.40-71.50	71.70-71.10
Jly-Sept	74.00-74.10	74.30-74.40	74.50-74.10
Oct-Dec	76.50-76.70	76.80-76.90	77.00
Jan-Mar	79.10-79.20	79.30-79.40	79.20
Apl-Jne	81.80-82.00	81.80-82.00	81.90

Sales: 192 (377) at 15 tonnes: 6 (54) at 5 tonnes.

Physical closing prices (buyer) were: Spot 62.00p (61.75p): Oct. 65.00p (same): Nov. 65.75p (same).

SOYABEAN MEAL

The London market opened with gains of £1.50 to £2 on commission house buying, reports T. G. Roddick. However, with profit-taking encouraged by strong sterling, prices failing to hold and finished at opening levels.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
October	118.00-18.1	+1.55	119.00-18.00
December	121.50-21.8	+1.65	122.50-21.50
February	125.70-25.8	+1.45	124.80-25.80
April	126.70-25.8	+1.85	126.00-25.80
June	128.00-28.0	+2.0	—
August	128.50-29.0	+1.50	—
October	128.50-30.0	......	—

Sales: 186 (269) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £304.00 (£324.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £310.00 (£328.00).

Monday's weaker New York was reflected in an irregular opening. However the market gradually improved following reports of locust damage to crops in Thailand. A complete recovery was almost achieved before profit taking reversed the move with closing prices £2.25 below the highs of the day, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	320.95-21.05	327.00-27.25	325.00-15.25
Jan	332.80-33.50	341.00-41.50	332.50-30.50
Mch	340.80-40.85	344.70-44.75	346.25-40.00
May	336.00-36.25	338.25-38.50	338.00-28.50
Aug	322.50-23.25	324.75-26.50	322.00-17.50
Oct	310.00-12.00	313.00-14.00	308.00-07.00
Jan	292.00-300.0	290.00-95.00	290.00

Sales: 4,965 (5,763) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order: buyer, seller, business, sales). Aug. 295.00, 304.00, 287.50-270.00, 40: Oct. 324.50, 325.25, 327.00-320.00, 216. Sales: 256 (349).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £393.50 (£412.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 25. Daily price 30.89: 15-day average 32.40.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 457.0, 459.0, 458.0-453.0, 57: Dec. 465.5, 466.0, 466.0-456.2, 164: March 475.5, 476.0, 476.0-467.0, 177: May 477.0, 477.5, 477.2-472.0, 118; July 481.5, 482.0-472.0, 55: Oct. 480.5, 481.0, 480.5-475.5, 21: Dec. 482.0, 485.0, 478.0-478.0, 31. Sales: 644.

No. TEN—Seager — — — —

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 360, 364, nil, nil: Oct. 352, 360, 359, 1: Dec. 362, 367, nil, nil: Jan. 364, 368, nil, nil: March 366, 369, 368-367, 5; May 366, 371, 370, 2: Aug. 370, 373, 372, 2: Oct. 371, 376, 374, 4: Dec. 372, 378, 375, 4: Jan. 374, 379, 377, 6. Sales: 24.

POTATOES

LONDON POTATO FUTURES—The market was very quiet with only routine business after the long weekend, and no fresh news available, reports Coley and Harper. Closing prices: Nov. 40.00 −10 (high 40.20, low 40.00): Feb. 47.10 −10 (47.00): April 53.70 −10 (high 53.80, low 53.70). Turnover: 19 (87) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 177 tonnes. Rather more activity was noticeable, without the turnover reaching substantial proportions. Users showed increasing interest in certain American-type varieties after the holidays, with African and Middle Eastern styles predominating.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 61.0 to 66.0; Eire hindquarters 71.0 to 74.0, forequarters 39.0 to 41.0. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 49.0 to 57.0, medium 45.0 to 54.0, heavy 40.0 to 48.0; Scottish medium 45.0 to 50.0, heavy 43.0 to 48.0: Imported frozen: New Zealand PL 50.0 to 52.0, PM 51.0 to 52.0. Pork: English, under 100 lb 39.0 to 48.0, 100-120 lb 38.0 to 48.0, 120-160 lb 36.0 to 44.0. Grouse: Young best, each 200.0 to 240.0; old, each 100.0 to 140.0.

MEAT COMMISSION—Average fatstock prices at representative markers on August 26. GB—Cattle 73.88p per kg lw (+0.20). UK—Sheep 111.72p per kg est dcw (+1.65). GB—Pigs 81.93p per kg lw (−1.26).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.65, 88 5.45, 112 4.30, 138 3.95, 150 3.20: Navelates 48 5.20, 56 5.50, 72 5.60, 88 5.10, 112 4.05 138 3.75, 150 3.00; Tomangos/Proteas 48 4.80, 56 5.20, 72 5.30, 88 4.80, 112 4.00, 138 3.65, 150 3.00. Lemons—Italian: 100/160 5.50-7.00; Spania: Trays 25/45 2.50-2.80; S. African: 8.00-8.50. Grapefruit—Outspan: Marsh Seedless 4.50-5.75. Apples—French: Approx. 20lb, Golden Delicious 72s 3.60; 40lb 125/150 7.00-7.30; Spanish: Golden Delicious 40lb 7.00. Pears—French: Per 28lb Dr. Guyot 4.00, Williams 4.20; Italian: Per pound Dr. Guyot 0.14-0.15, Williams 0.18-0.20. Peaches—Italian: 1½-trays 2.80-3.40. Nectarines—Italian: 4.00-4.80. Plums—Italian: Boxes, approx. 20lb, Belles 3.00; Spanish: Santa Rosa 1.00-1.50. Grapes—Cyprus: Per pound Cardinal 0.35, Sultana 0.26-0.28, Alphonse Lavallee 0.50, Thomson 0.40; Italian: Per peck Regina 2.20. Melons—Spanish: Yellow 10kg 3.80-4.00. Watermelons—Greek: Per 20kg 5.00, per 15kg 4.00. Bananas—Jamaican: 28lb, per pound 0.18-0.19. Tomatoes—Jersey: 2.40; Guernsey: 2.20-2.90; Dutch: 2.80. Onions—Spanish: 4.40-4.50. Cabbages—Dutch: White 3.80. Greengages—Spanish: 2.70-3.50. English produce: Potatoes—Per bag, new 1.00-1.30. Mushrooms—Per pound 0.60-0.80. Apples—Per pound Grenadier 0.04-0.05, Howgate 0.06-0.07, Derby 0.08, George Cave 0.10-0.12, Miller's Seedling 0.18-0.20, Discovery 0.12-0.25, Bramleys 0.10-0.14. Plums—Per 12lb Quillin's Gage 1.20, Belles 1.80, Czar 0.60, Victories 2.40. Cabbages—Per bag 1.50. Cauliflowers—Per 12 1.80-2.40. Peas—Per pound 0.06. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 2.40-2.60. Tomatoes—Per 12lb 2.00-2.40. Lettuces—Per 12, round 1.00-1.20, Cos 1.40, Webbs 1.40. Carrots—New crop 28lb 1.20-1.60. Onions—Per bag 2.40-2.80. Celery—Per 20/30 2.40-2.50. Marrows—Box 12/15 0.90-1.00. Capsicums—Per pound 0.15.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.00, codlings £3.20-£4.70. Large haddock £3.80-£4.40, medium £3.00-£4.50, small £2.00-£2.30. Large plaice £4.20-£5.70, medium £4.00-£5.80, best small £3.30-£4.70. Skinned dogfish (large) £7.50-£8.50, (medium) £4.50-£5.80. Lemon soles (large) £8.00, (medium) £7.00. Rockfish £1.50-£2.30. Reds £2.00-£2.50. Saithe £2.80-£3.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 29 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1770/1800	—40	$1770/90
Copper			
Cash w'bar	£851	+6	£938.5
3 mths	£867.75	+5.75	£954.5
Cash Cathode	£824	+7.5	£904.5
3 mths	£844.5	+7.5	£930.5
Gold troy oz	$631.5	—6	$644.5
Lead Cash	£362.5	—2	£359.5
3 mths	£375.75	—1.75	£367.25
Nickel	£3,185.45	......	£3,248.35
Freemkt (cif lb)	290/315c	......	285/318c
Platin'mtr'y oz	£189.50	......	£188.50
Free mkt	£274.40	—4.10	£272.55
Quicksilver†	$410/420	......	$395/405
Silver troy oz	678.45p	—5.5	684.10p
3 mths	709.60p	—5.10	709.10p
Tin Cash	£7102	—7.5	£7,139
3 mths	£7,115.5	—18	£7,162
Tungsten 22.04lb	$144.74	......	$142.55
Wolfrm 22.04 lbs	$149/129	+0.50	$146/149
Zinc cash	£327.25	—2.5	£392.5
3 months	£338.75	—1.5	£304.5
Producers	$760	......	$760
Oils			
Coconut (Phil)	$515r	......	‡
Groundnut	‡	......	‡
Linseed Crude	£307	......	‡
Palm Malayan	$522v	......	$560
Seeds			
Copra Philip	$420x	......	‡
Soyabean (U.S.)	$322t	+4	‡
Grains			
Barley Futures	£95.25	—0.10	£94.70
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£95.75	—1.55	£98.5
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£1,097	—1	£1,063
Future Dec.	£998.5	—1	£1,017.5
Coffee Ft' Nov.	£1,133	—43.5	£1,188
Cotton A.Index	88.30c	+3.2	88.45c
Rubber (kilo)	62.0p	+0.25	66p
Sugar (Raw)	£304	—20	£285
Woolt'ps 64s kl.	285p kilo	......	288p kilo

‡ Unquoted. r Aug.-Sept. s Sept. t Oct. u Sept.-Oct. v Nov. z Indicator. § Buyer. † Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, August 28.

THE LIVESTOCK complex was strong on technical grounds. Precious metals rallied on short-covering, while copper was fractionally lower on profit-taking by commission houses, although the trade was buying. Weather and reports of crop damage were behind the rallies in cotton, sugar, soyabeans and the grains. Cocoa advanced moderately on renewed trade interest. Coffee dropped sharply on a lack of dealer interest and commission house selling, reported Heinold.

Potatoes (round whites)—Nov. 84.4 (83.4), March 118.0-112.5 (115.0), April 144.0-144.5. Sales: 2,233.

Sugar—No. 11: Sept. 31.35-31.40 (29.94), Oct. 32.10 (30.60), Jan. 33.00, March 34.18, May 33.65-33.57, July 32.65, Sept. 31.25-31.50, Oct. 30.50-30.65, Jan. 28.20. Sales: 139,566.

Tin—777.0-784.0 (777.0-779.0).

CHICAGO, August 26.

Lard—Chicago loose 23.50. New York prime steam unavailable.

Live Cattle—Oct. 68.80-68.65 (67.77), Dec. 69.05-68.95 (67.67), Jan. 70.00, Feb. 70.62-70.57, April 72.25-72.15, June 73.75-73.80, Aug. ——.

Live Hogs—Oct. 45.30-45.20 (44.37), Dec. 46.10-46.00 (45.37), Feb. 47.75-47.80, April 46.75-46.65, June 50.50-50.70, July 51.40, Aug. 50.20, Oct. 49.00, Dec. ——.

‡‡Maize—Sept. 353½-351½ (346½), Dec. 351½-353 (346½), March 360½-361, May 363¼-363, July 362-321½, Sept. 350½-351.

Pork Bellies — Feb. 59.00-58.70 (58.12), March 58.90-58.60 (57.77), May 59.27, July 59.80-59.90, Aug. 58.80.

Silver—Aug. 1620.0 (1606.0), Sept. 1614.0 (1608.0), Oct. 1628.0, Dec. 1661.5, Feb. 1699.5, April 1737.5, June 1775.5, Aug. 1813.5, Oct. 1851.5, Dec. 1889.5, Feb. 1928.5, April ——, June 2006.5, Aug. 2045.5, Oct. 2084.5, Nov. ——.

†Soyabeans—Sept. 769½-768 (765¾), Nov. 788-790 (785½), Jan. 803-805, March 822-820, May 828½, July 827, Aug. 820, Sept. 803.

||Soyabean Meal—Sept. 219.0-219.9 (217.6), Oct. 222.0-222.2 (220.5), Dec. 227.5-227.0, Jan. 229.0, March 231.0-230.5, May 232.5, July 233.5-234.0, Aug. 231.5-230.7, Sept. 230.0-229.5.

Soyabean Oil—Sept. 25.80-25.70 (25.77), Oct. 26.10-26.04 (26.05), Dec. 26.50-26.45, Jan. 26.65-26.55, March 27.15-27.25, May 27.30-27.35, July 27.30-27.25, Aug. 27.20, Sept. 27.20-27.25.

†Wheat—Sept. 445½-446 (444½), Dec. 468-467 (466½), March 487-486, May 491½-491, July 490½-490, Sept. ——.

WINNIPEG, August 26. §Barley—Oct. 138.80 (137.20), Dec. 139.00 (132.80), March 138.10, May 138.70, July 137.80.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 26.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Sept. $208, Oct. $212, Nov. $215, Dec. $218. U.S. No. 2 Red Winter, Sept. $195, Oct. $200, Nov. $202. U.S. No. 2 Northern Spring, 14 per cent, Sept. $208, Oct. $214, Nov. $217, Dec. $222.

Maize—Afloat $168, Aug. $168, Sept. $167, Oct. $168, Nov. $169, Dec. $171, Jan.-March $179, April-June $176 sellers, Oct.-Dec. $167.50 traded.

Soyabeans—U.S. Two Yellow Gulfports afloat Aug. $305.25, Sept. $308.25, Oct. $312, Nov. $318, Dec. $323, Jan. $326.95, Feb. $332.95, March $334.65, April $337.25, May $338.50 sellers. Argentine Aug. $298, Sept. $300 sellers.

Soyameal—44 per cent protein, U.S. afloat $252, Aug. $260, Sept. $267, Oct. $273, Nov.-March $284. Brazil Pellets afloat $269, Aug. $273, Sept. $278, Oct. $284, Nov.-March $296.

PARIS, August 26.

Cocoa (FFr per 100 kilos)—Sept. 920-940, Dec. 966-970, March 1000-1015, May 1020-1035, July 1030, Sept. 1050. Sales at call 5.

Sugar (FFr per 100 kilos)—Oct. 3101-3106, Nov. 3140, Dec. 3183-3150, March 3282-3290, May 3255-3265, July 3100-3180, Aug. 3040-3120, Oct. 3000-3090. Sales at call 5.

INDICES

FINANCIAL TIMES

Aug. 22	Aug. 21	Mnth ago	Year ago
276.67	273.91	275.57	286.42

(Base: July 1, 1952=100)

MOODY'S

Aug. 25	Aug. 22	M'nth ago	Year ago
1222.7	1237.0	1201.0	1095.3

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug 25	Aug. 22	Month ago	Year ago
Spot	440.14	437.87	437.75	403.77
F'tur's	455.15	456.10	445.51	414.36

(Average 1924-25-26=100)

REUTERS

Aug. 26	Aug. 22	M'nth ago	Year ago
1727.8	1738.8	1696.7	1681.7

(Base: September 18, 1931=100)

Concern over cotton crop

PEKING—Concern is increasing among foreign agricultural experts in Peking over the prospects for China's cotton harvest this year, as a result of rain and flooding in the Yangtse River basin.

Chinese authorities have made no official comment on the cotton crop, but it may be the damage may be greater than was earlier believed.

Heavy rain and floods have been reported along the Yangtse River basin in recent weeks.

China produced 2.21m tonnes of cotton last year, an increase of 1.8 per cent over 1978, according to official statistics. Reuter

Colourless market performance reflects tendency to withhold funds pending company trading statements

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6

* "*New time*" *dealings may take place from 9 am two business days earlier.*

London stock markets yesterday marked time more or less with most sectors moving within narrow limits in a reduced trade as the three-week holiday trading Account entered its final few days. Leading equities opened firmly but later turned easier as institutional managers and smaller investors alike showed a reluctance to commit funds in advance of several major company statements this week, the most important being ICI's half-yearly results tomorrow.

Gilt-edged securities began steadily enough, but soon ran into some nervous selling partly engendered by a report that money supply this month could be as embarrassing for the authorities as July's. Sentiment here was also adversely affected by the further competition implicit in another rise in U.S. bank prime lending rates, and sterling's firmness against the dollar and other major currencies was ignored.

After the initial fall, gilt quotations began to harden but in trade after the official close they reverted to the day's lowest and longer-dated stocks closed with losses ranging to ¼, while the shorts settled a maximum of ⅜ down. The medium-dated Treasury 13¼ per cent 1993 ¼ lower a 102¼ and Treasury 12 per cent 1984 ⅜ off at 95¼.

The gradual downdrift in the equity leaders was measured by the FT Industrial Ordinary share index which, after being unchanged at the noon calculation, closed a net 3.1 lower at 495.8; a large part of the fall was accounted for by end-Account profit-taking in the recently-buoyant Electrical sector.

Activity in Traded options continued to be well distributed among those stocks in issue. The total amounted to 824, slightly below last week's daily average of 986. Imperial attracted 211 trades, while Racal, Lonrho and GEC recorded 136, 123, and 113 deals respectively.

Standard and Chartered firm

Among Banks, Standard and Chartered featured with a gain of 15 at a 1980 peak of 580p on small investment buying. Merchants had Brown Shipley 12 higher at 380p in a thin market. Elsewhere, Hong Kong and Shanghai fell 5 to 155p on the disappointing interim profits and dividend.

Insurances turned back from a firmer opening and closed with modest falls, Royals ending 4 cheaper at 418p and Sun Alliance 8 off at 746p.

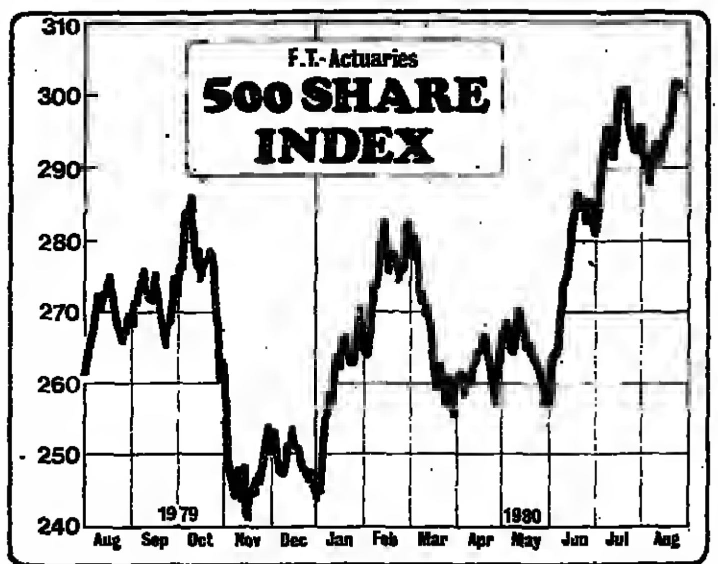
The chairman's confidence concerning the future profitability of the company prompted further support for Belhaven which firmed 2 more to 33p. The leaders traded without distinction and finished around Friday's closing levels. In Wines and Spirits, Distillers, still buoyed by the annual report, hardened a couple of pence at 223p.

Trading statements were responsible for a couple of dull spots in Buildings. Marchwiel dropping 12 to 84p on the sharply lower interim profits and Fairclough Construction shedding 4 to 71p following disappointing half-yearly results. Crouch Group held at 96p despite the lower annual profits. Elsewhere, Blue Circle eased a couple of pence to 370p awaiting today's half-timer, but Mixconcrete added that much, to 76p, ahead of tomorrow's interim statement. News of contracts worth £9.7m made no apparent impression on Taylor Woodrow which remained at 482p, but a Press mention helped Costain add a couple of pence to 180p. Laing A hardened a penny to 59p and Bryant 2 to a 1980 peak of 71p.

A nervous market of late on the downgrading by analysts of second-quarter profits due to be announced tomorrow, ICI encountered further small offerings and shed 6 to 356p. Other Chemicals closed with narrow mixed movements. Stewart Plastics improved 2 to 92p and International Paint a penny to 76p, but Leigh Interests eased 4 to 170p and Brent gave up a couple of pence to 154p.

H. Goldman up

Movements of note in Stores were confined to secondary issues. Press comment helped J. Hepworth, a couple of pence to the good at 82p, but further profit-taking clipped 6 more from Lee Cooper, 156p. H. Goldman jumped 3½ to 17p following the announcement that Mr. I. H. Wasserman is interested in 10 per cent of the company's equity. Further consideration of the annual results left K. O. Boardman a fraction firmer at 7p, while support was again evident for Polly Peck, 3 better at 103p, after 105p. Recovery hopes continued to buoy Harris Queensway, up 2 more at 166p, while a Press mention helped R. and J. Pullman, a penny harder at 46p. A reasonably good trade was transacted among leading Stores in which movements were restricted to a couple of pence. Mothercare, 252p, and Burton, 116p, both added 2, but Marks and Spencer eased the turn to 104p. House of Fraser, interim results expected next Tuesday, ended a shade firmer at 147p.



The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn EMI finished 6 cheaper at 366p, after being up to 378p in the earlier dealings. Unitech, down 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow-down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 apiece, while John Brown gave up 1½ to 64p and Tubes a few pence to 250p. Elsewhere, ML Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted Aurora 3 to 51p. Gains of a few pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

The undertone in Foods remained firm, but business was sparse. Associated Dairies added 4 to a 1980 peak of 218p awaiting today's preliminary results, while Tesco improved 1½ to 59p and J. Sainsbury hardened 3 to 473p. Publicity given to a broker's circular directed attention towards Unigate which firmed 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late dull feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Caterers, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were unmoved at 37p following the interim results and proposed £2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p, on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole were dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 90p, while Camrex, 27p, and Steetley, 180p, both closed a shade harder for a similar reason. Satisfactory half-yearly results and the final dividend forecast prompted a gain of 3 to 44p in Provincial. Standard Fireworks improved similarly to 92p, the price given in Tuesday's issue was incorrect. Lack of support made for a slightly easier trend in the leaders.

A weak market last Friday on the interim profits slump, Coral Leisure rebounded to 62p before closing 4 up on balance at 60p on Press suggestions that Bass may bid for the company's Pontins subsidiary.

Contrasting movements in Newspapers were provided by East Midlands Allied Press A, 6 better at 82p, and by United which shed a similar amount to 208p.

Secondary issues provided the main movements in a lethargic Property sector. Control Securities put on 3 to 40p, while London and Provincial Shop and Lynton added 5 apiece to 390p and 210p respectively. Carrington Investments also firmed 5, to 105p, while, among smaller-priced issues, Trust of Property put on ¾ to a 1980 peak of 13¼p and Raglan improved ½ to 6p. Among the leaders, Land Securities, 369p, and MEPC, 239p, both softened a penny, while falls of a couple of pence were marked against Haslemere Estates, 350p, and Great Portland Estates, 276p. Buying ahead of today's interim results left Slough Estates 2 dearer at 141p. Elsewhere, Hong Kong Land firmed 6½ to 140p on Far-Eastern influences.

Oils quietly dull

Lack of support and occasional offerings made for a quietly dull day in the Oil sector. Shell drifted off to close 4 cheaper at 420p in the leaders. Elsewhere, Lasmo gave up 12 to 670p, while Tricentrol eased 8 to 328p and Ultramar 6 to 338p. Among the more speculative issues, Aran touched 470p before settling at 460p for a gain of 4 on the day. Fears about the outcome of the court action in the U.S. concerning breaches of the Securities Exchange Acts left Basic Resources 44 lower at 610p.

Overseas Traders were featured by Gill and Duffus which advanced 8 to 169p in response to a Press mention. Elsewhere, S. and W. Berisford firmed 2 at 183p, while Sime Darby added a penny to 74p, the latter in front of tomorrow's annual results.

Gresham House were outstanding among Trusts, rising 13 to 225p after Press comment. Selected Financials also made useful progress with Rosebaugh gaining 14 to 140p on speculative support. R. P. Martin, firm of late on good results and buying from Panama, encountered a bout of profit-taking and eased a few pence to 70p.

Textiles ended with modest gains, where altered. Hollas added 4 to 70p, while rises of 2 were common to Nottingham Manufacturing, 92p, and Textured Jersey, 46p. Mountleigh, 83p, picked up 3 for a two-day gain of 7 ahead of tomorrow's preliminary results.

South African industrials turned easier reflecting the lower overnight tone in Johannesburg. Greatermans A, 340p, Barlow Rand, 405p, and Tiger Oats, 560p, all lost around 10, while OK Bazaars were marked 20 down at 670p.

The undertone in Plantations remained firm and Castlefield added 10 to 500p. Anglo-Indonesian put on 3 to 120p, while Press comment helped Hidong, a couple of pence up at 65p.

Tins sharply higher

With the South African and UK sectors depressed by the decline in the bullion price most of the attention in mining markets was focused on Australian issues and Malaysian tins.

The latter staged a fresh advance reflecting another strong performance on Singapore and Kuala Lumpur stock markets which was followed by good London interest.

Gains of 35 were common to Berjuntai, at a 1980 high of 300p, and Hongkong Tin, at a high of 430p, while Gopeng Consolidated put on 15 to 630p and Ayer Hitam and Tronoh Mines gained 10 apiece to 370p, 355p respectively, while Kamunting rose 20 to 115p. Tanjong were trading at 115p ahead of being suspended at the company's request; Tanjong is currently the subject of a 105p per share takeover bid from the D. Kuok family interests which control 25.89 per cent of the company's equity. Pahang Consolidated, which has a 29.8 holding in Tanjong, added a penny to 41p.

Australians got off to a firm start but interest faded during the afternoon. Rumours that the Bond interests have sold their stake in White Industries for a substantial profit prompted a gain of 3½ to a 1980 high of 28p in Endeavour Resources through which the bid for White Industries was made, while Bond Corporation advanced 8 to a high of 134p.

Revived speculative demand lifted Meridian Oil 3 to 17p and Great Eastern Mines 2½ to 24½ while Nickelore held steady at 47p ex the one-for-two rights issue at around 14½p.

The Ashton stocks ran into profit-taking which lowered Ashton Mining 5 to 155p and Northern Mining a like amount to 140p.

EZ Industries hardened 5 to 335p and Utah Mining Australia held steady at 275p following results.

South African Gold shares reflected the $6 fall in the bullion price to $631.50 an ounce and Gold Mines index dipped 5.0 to 375.5. Financials were similarly affected.

Elsewhere, favourable Press mention lifted European Ventures 10 to 210p; the company is reported to have discovered gold in Sierra Leone.

FINANCIAL TIMES STOCK INDICES

	Aug. 26	Aug. 22	Aug. 21	Aug. 20	Aug. 19	Aug. 18	A year ago
Government Secs.	68.72	68.97	69.18	69.15	69.07	69.23	73.43
Fixed Interest	70.18	70.48	70.58	70.54	70.55	70.58	74.69
Industrial	495.8	498.9	497.8	491.7	488.1	487.6	464.8
Gold Mines	375.5	380.5	384.0	378.0	367.9	363.2	192.5
Ord. Div. Yield	7.32	7.26	7.27	7.36	7.42	7.43	7.03
Earnings. Yld. % (full)	17.28	17.14	17.18	17.50	17.43	17.43	17.50
P/E Ratio (net) (*)	7.00	7.05	7.04	6.98	6.93	6.94	7.10
Total Bargains	18,527	16,655	17,605	17,011	17,434	17,037	—
Equity turnover £m.	—	97.88	133.87	99.25	108.83	88.26	47.63
Equity bargains total	—	12,832	13,409	12,976	13 408	13 366	9,411

10 am 499.0. 11 am 498.9. Noon 498.9. 1 pm 498.2.

2 pm 497.7. 3 pm 497.6.

Latest Index 01-246 8026.

*Nil=6.52.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (31/7)	63.85 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (19/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	505.1 (16/7)	406.9 (3/1)	558.0 (4/5/79)	49.4 (26/6/40)
Gold Mines	384.0 (21/8)	200.5 (18/3)	442.5 (22/5/75)	43.0 (26/10/71)

S.E. ACTIVITY

	Aug. 26	Aug. 22
—Daily		
Gilt Edged	87.8	80.3
Industrials	94.7	100.2
Speculative	31.7	59.5
Totals	64.9	69.0
5-day Avrge.		
Gilt Edged	87.8	98.8
Industrials	100.3	99.0
Speculative	43.0	39.1
Totals	69.8	69.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (126)

AMERICANS (4)
BANKS (3)
BEERS (1)
BUILDINGS (3)
DRAPERY & STORES (2)
ELECTRICALS (8)
ENGINEERING (7)
FOODS (4)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (4)
PROPERTY (9)
TEXTILES (3)
TRUSTS (56)
OVERSEAS TRADERS (2)
MINES (7)

NEW LOWS (24)

BRITISH FUNDS (1)
Treasury 12pc 1987 (£50 paid)
BEERS (1)
Tomatin
CHEMICALS (1)
BASF AG
STORES (4)
Church; Freedy (Alfred); Pawson (W. L.); Readicut
ELECTRICALS (2)
Jones Stroud; Newman Inds.
ENGINEERING (2)
Evered; Vosper
INDUSTRIALS (6)
BBA Group; Hewitt (J.); Cole (R. H.); Macpherson (D.); Fitzwilton; Magnolia
INSURANCE (1)
Hawden (A.) Wts.
LEISURE (1)
Tom Hill
NEWSPAPERS (1)
Routledge Keg Paul
PAPER (1)
Olives Paper Mill
TEXTILES (1)
Radley Fashion
OIL & GAS (1)
Sun (UK) Royalty
MINES (1)
S.P.O. Minerals

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	78	18
Corpns. Dom. and Foreign Bonds	2	18	46
Industrials	233	160	899
Financial and Prop.	141	57	298
Oils	18	16	24
Plantations	3	2	20
Mines	33	56	70
Others	44	57	67
Totals	472	444	1,540

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Tues., Aug. 26, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Aug. 22 Index No.	Thurs., Aug. 21 Index No.	Wed., Aug. 20 Index No.	Tues., Aug. 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	286.14	−0.8	15.94	5.76	7.57	288.49	287.27	283.40	281.48	242.87
2	Building Materials (28)	261.47	−0.2	17.72	6.41	6.65	261.97	263.05	259.35	257.08	224.73
3	Contracting, Construction (27)	422.61	−0.4	21.96	5.76	5.41	424.31	422.65	419.54	416.52	371.73
4	Electricals (17)	847.06	−1.7	11.37	3.13	10.77	861.94	854.60	842.32	832.16	613.13
5	Engineering Contractors (11)	338.53	−0.1	20.34	7.70	6.18	339.00	337.30	332.98	331.95	352.37
6	Mechanical Engineering (72)	185.02	−0.2	16.37	7.24	7.47	185.36	184.23	181.32	180.96	171.57
8	Metals and Metal Forming (16)	165.11	−0.6	21.95	10.28	5.44	166.08	166.06	164.65	165.48	161.58
11	CONSUMER GOODS (DURABLE) (49)	243.94	−0.3	15.36	5.24	8.94	244.72	241.55	236.57	234.72	236.85
12	Lt. Electronics, Radio, TV (14)	373.86	−0.4	12.94	3.77	11.83	375.24	368.86	359.43	354.82	335.01
13	Household Goods (14)	92.10	−0.9	26.31	11.12	4.80	92.94	93.09	92.31	92.61	145.81
14	Motors and Distributors (21)	101.37	—	21.81	9.27	5.28	101.40	101.26	100.68	101.40	113.02
21	CONSUMER GOODS (NON DURABLES) (172)	243.21	+0.2	16.89	6.62	7.15	242.71	241.93	238.42	236.96	235.23
22	Breweries (14)	297.19	−0.1	15.30	6.20	7.63	297.49	296.17	293.70	290.45	234.99
23	Wines and Spirits (5)	324.85	+0.7	18.82	6.27	6.28	322.49	315.39	313.02	312.84	313.93
24	Entertainment, Catering (17)	347.09	+0.2	16.70	6.45	7.37	346.53	342.87	340.76	336.70	297.81
25	Food Manufacturers (21)	222.14	+0.6	18.27	6.76	6.44	220.87	220.35	216.44	215.69	205.76
26	Food Retailing (13)	371.34	+1.2	11.37	4.29	10.50	367.03	363.37	355.55	354.17	306.90
32	Newspapers, Publishing (13)	439.99	+0.2	21.37	7.05	6.17	439.16	441.53	436.35	437.10	412.91
33	Packaging and Paper (15)	130.56	−0.5	27.31	10.03	4.26	131.18	132.19	129.82	130.05	126.92
34	Stores (45)	242.07	—	12.83	5.19	10.16	242.01	241.80	237.38	235.33	240.50
35	Textiles (21)	123.91	+0.4	26.19	12.48	4.64	123.38	123.78	124.26	123.46	155.97
36	Tobaccos (3)	230.21	−0.2	24.93	10.11	4.56	230.70	231.11	227.65	226.67	239.92
37	Toys and Games (5)	26.73	−0.1	8.42	14.26	27.49	26.75	26.77	26.41	26.41	75.03
41	OTHER GROUPS (99)	228.81	−0.2	16.14	6.78	7.36	229.26	228.65	227.44	227.27	204.10
42	Chemicals (16)	313.51	−0.9	19.79	7.69	5.79	316.48	315.45	316.73	316.03	287.70
43	Pharmaceutical Products (7)	241.00	+0.4	10.50	5.75	11.78	240.10	239.47	236.43	233.24	229.61
44	Office Equipment (6)	108.08	+0.4	18.74	7.68	6.23	107.69	107.15	107.40	107.42	116.60
45	Shipping (10)	616.57	−0.2	12.45	5.77	9.79	617.88	615.04	608.27	610.45	447.29
46	Miscellaneous (60)	284.20	+0.1	15.94	6.51	7.67	283.80	283.45	280.46	282.19	240.47
49	INDUSTRIAL GROUP (491)	258.36	−0.2	16.35	6.32	7.42	258.88	257.83	254.59	253.27	236.71
51	Oils (9)	799.08	−0.5	27.77	6.47	3.98	803.00	805.49	801.08	793.89	612.24
59	500 SHARE INDEX	301.26	−0.3	18.70	6.35	6.29	302.05	301.27	297.93	296.15	267.38
61	FINANCIAL GROUP (118)	239.80	—	—	5.37	—	239.87	239.29	238.00	235.80	187.33
62	Banks (6)	239.33	−0.2	42.70	7.03	2.80	239.72	239.76	237.51	237.80	210.90
63	Discount Houses (10)	284.23	—	—	6.24	—	284.23	284.23	284.49	284.49	261.66
64	Hire Purchase (5)	224.96	+0.1	13.77	4.45	9.46	224.68	221.13	219.38	218.10	170.87
65	Insurance (Life) (10)	250.02	+0.1	—	5.10	—	249.69	248.48	247.63	239.86	151.04
66	Insurance (Composite) (9)	164.48	−0.4	—	6.74	—	165.10	165.11	165.55	162.22	124.16
67	Insurance Brokers (9)	340.26	−0.6	13.65	6.78	10.06	342.22	342.63	343.05	336.00	268.92
68	Merchant Banks (12)	143.60	+0.3	—	4.95	—	143.23	141.96	138.07	137.86	99.45
69	Property (45)	446.77	—	3.18	2.63	43.70	446.95	445.47	442.41	442.56	360.74
70	Miscellaneous (12)	148.88	+1.6	13.85	5.93	9.18	146.56	145.67	144.74	143.93	119.14
71	Investment Trusts (109)	271.25	+0.6	—	5.31	—	269.59	267.51	263.08	263.37	213.68
81	Mining Finance (3)	248.79	−0.9	12.07	4.21	9.97	251.03	249.65	248.41	245.29	127.54
91	Overseas Traders (20)	438.48	+0.4	11.48	6.73	10.50	436.61	434.87	431.02	430.82	337.76
99	ALL-SHARE INDEX (750)	289.52	−0.2	—	6.06	—	290.80	289.14	286.21	284.43	245.21

FIXED INTEREST PRICE INDICES

	British Government	Tues., Aug. 26	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.50	−0.12	0.28	7.62
2	5-15 years	109.91	−0.24	—	8.64
3	Over 15 years	114.76	−0.18	0.42	9.45
4	Irredeemables	127.11	−0.56	1.45	8.69
5	All stocks	109.43	−0.18	0.24	8.46

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Aug. 26	Fri., Aug. 22	Year ago (approx.)
1	Low Coupons	5 years	12.05	11.99	10.02
2		15 years	12.04	11.99	10.51
3		25 years	12.04	11.99	11.00
4	Medium Coupons	5 years	13.60	13.52	11.92
5		15 years	13.50	13.44	12.00
6		25 years	13.40	13.37	0.00
7	High Coupons	5 years	13.75	13.67	12.29
8		15 years	13.84	13.81	12.48
9		25 years	13.65	13.64	12.38
10	Irredeemables		11.59	11.52	10.65

		Tues., Aug. 26 Index No.	Tues., Aug. 26 Yield %	Friday Aug. 22	Thurs. Aug. 21	Wed. Aug. 20	Tues. Aug. 19	Mon. Aug. 18	Friday Aug. 15	Thurs. Aug. 14	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	63.47	†13.86	55.47	53.58	54.29	54.39	54.35	54.29	54.29	58.61
16	Investment Trust Prefs. (15)	51.15	13.16	51.06	51.06	51.12	51.12	51.19	51.19	50.52	50.71
17	Coml. and Indl. Prefs. (20)	67.30	13.32	67.19	67.15	67.23	67.25	67.93	67.23	67.23	70.91

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
De Beers Defd.	R0.05	8	400	−3	553	368
ICI	£1	7	356	−6	402	348
RTZ	25p	7	475	−5	485	327
Anglo-American Corp.	R0.10	6	650	−5	720	485
Barclays Bank	£1	6	424	−2	430	327
Racal Electronics	25p	6	302	+1	305	175
Unitech	10p	6	329	−13	347	195
Allied Breweries	25p	5	87	—	89	68
Beecham	25p	5	157	—	160	108
BP	25p	5	352	—	412	320
Dunlop Hldgs.	50p	5	72	−1	85	51
European Ferries	25p	5	192	—	192	98
GEC	25p	5	500	−12	512	326
P. & O. Defd.	£1	5	133	−1	135	105
Shell Transport	25p	5	420	−4	432	314

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Aug. 18	Sept. 5	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29

For rate indications see end of Share Information Service

Stocks favoured for the call included De Beers Deferred, Racal, Lonrho, FNFC, A.B. Electronics, BSR, Turner and Newall, Coral Leisure, UDT, Silvermines, British Land, Wankie Colliery, Premier Oil, Weir Group and Chloride. Puts were done in Trusthouse Forte and Lonrho, while doubles were arranged in P and O Deferred and Britannia Arrow.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
	F.P.	—	260	215	Brink Invs.	260	......	—	—	—	—
	F.P.	—	552	346	BP Restricted Trans.	552	......	17.0	4.7	7.1	3.5
160	F.P.	—	115	91	††Baker Electronics 10p	115	+9	b3.85	2.0	4.8	12.9
08	F.P.	—	90	72	Charterh'se Petrol'm	88	−2	b1.09	4.0	1.8	20.2
58½	F.P.	—	100	80	Energy Capital 12½p	aa	......	—	—	—	—
—	—	—	—	—	ForHal (Bros Brint...	—	—	—	—	—	—
160	F.P.	—	153	155	††Marinex 10p	140	+2	—	—	—	—
51	F.P.	—	7a	67	††Rolfe & Noland 10p	70	−2	t1.0	3.5	9.0	19.a
61	F.P.	—	70	66	†Shackleton Petrol.	63	−1	—	—	—	—
57	F.P.	—	85	75	††Utd. Electronic 20p	77	+1	b1.57	2.2	2.9	22.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
	F.P.	19/7	124	108½	British Home Stores 9% Cnv. Ln. '92	124	+8
	£20	19/9	18¾	16	Denmark 13% 2006	16	......
	F.P.	—	107p	107p	Foseco Minsep 8½% Cnv Red Cum and Prf	107p	......
	F.P.	—	102	102	Do 10% Conv Uns Ln 1995	102	......
	£10	30/10	9	8½	Newcastle & Gateshead Water 8½% RdP	8½	−⅛
	F.P.	28/11	102	100	Outwich 10% Pref.	101	−½
	F.P.	8/8	105½	101½	South Staff. Water 9¼% Rd. Pf. '85	105	−1
	F.P.	29/8	104	105	Sunderl'd & S.ShieldsWtr 9¾% Rd.Prf.1985	105	−¾

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing Price p	+ or −
e5	F.P.	5/8	1/9	109	88	Anderson Strathclyde	109	+2
152	F.P.	23/7	8/9	184	146	Berisford (S. & W.)	183	−1
34	F.P.	1/8	29/8	5e	4a	Clive Discount	e1	+1
99	F.P.	30/7	12/9	141	123	Coalite	141	......
50	Nil	25/7	22/8	a5pm	a5pm	Crest Nicholson	95pm	......
13	F.P.	22/8	19/9	50pm	24pm	Derritron	32pm	+1
100	F.P.	15/8	12/9	428	127	Ferranti	428	+9
80	F.P.	15/8	12/9	110½	89½	Lonrho	95	+1
120	F.P.	15/8	26/9	150	144	McKay Secs.	150	+5
52	F.P.	28/7	26/8	81	55	Mallinson-Denny	68½	−1
920	Nil	6/9	14/11	80pm	66pm	Mercantile House	80pm	......
14	Nil	3/8	6/10	5½pm	2pm	Moorgate Mercantile	2½pm	......
75	F.P.	20/8	10/9	110	93	Polly Peck	104	......
10	F.P.	13/8	5/9	13⅛	11	Sturla	11½	+⅛

*Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.*

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UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Aug. 15 | US$39.77
Murray Fund Aug. 15 | US$18.75
Pacific Fd. July 31 | US$4.64

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.

Singer & Friedlander Ldn. Agents.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	52.3	56.2	+0.1	2.58
Abbey Capital	42.3	45.7	+0.1	5.36
Abbey General	53.3	57.6xd	+0.1	5.45
Abbey Gilt & F.I. Tst.	110.6	116.4	-0.9	11.75
Abbey Income	34.8	37.6	+0.1	9.20
Abbey W'Wide Bd Tst.	93.4	98.8	+0.1	6.78
Abbey Inv. Tst. Fnd.	45.9	49.6xd	+0.2	5.12
Equitas Prog. Trust	80.8	87.3	+0.2	4.94

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	89.1	93.8xd	.....	12.93

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459
Balanced Funds

Allied 1st	85.0	91.0xd	+0.3	5.82
Brit. Inds. Fund	76.6	82.0	+0.1	6.34
Growth & Income	47.9	51.3	+0.3	5.42
Elect. & Ind. Dev.	43.2	46.2	+0.1	5.30
Allied Capital	91.2	97.6	+0.3	4.56

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	68.2	71.7	+1.3	4.07

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BO. 01-248 4984

High Income	36.7	40.1xd	.....	11.28
North American	53.9	58.0	+0.1	2.95
Canadian Exempt*	63.4	66.7	+1.2	3.55
Canadian Trust	60.9	65.7	+0.2	2.72
Mid Mount High Inc.*	48.4	51.2xd	+0.4	9.43
Recovery	55.9	61.1	+0.4	7.06
Gilt Trust	43.3	45.3	-0.1	12.78

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd	33.1	35.7	+0.8	1.05
Cres. Internat'l.	66.9	72.2	+0.1	2.42
Cres. High. Dist.	42.1	45.4	+0.1	10.63
Cres. Reserves	49.6	53.5xd	+0.2	5.51
Cres. Tokyo	21.7	23.4	+0.3	1.80

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	+0.1	11.90

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Aug. 8	220.9	235.6	.....	5.52

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.1	18.9xd	.....	7.60
Gt. Winchester O'seas	23.7	26.1	.....	4.22

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	56.0	59.4xd	+0.4	2.15
(Accum. Units)	59.5	63.1	+0.5	2.15
American Recovery	57.9	61.8	+0.3	1.90
(Accum. Units)	59.0	62.5	+0.3	1.90
Australasian	112.8	121.3xd	+1.3	0.71
(Accum. Units)	117.9	126.7	+1.5	0.71
Commodity	123.9	131.9xd	-0.2	3.33
(Accum. Units)	143.9	153.3	-0.1	3.33
Compound Growth	153.7	165.2	+0.3	3.95
Conversion Growth	103.9	110.6	+0.8	2.79
Conversion Inc.	72.6	77.3xd	+0.6	9.54
Dividend	132.8	144.1	.....	9.02
(Accum. Units)	284.6	308.8	.....	9.02
European	62.0	66.0	-0.3	3.67
(Accum. Units)	67.0	71.4	-0.3	3.67
Extra Yield	86.2	93.5	+0.2	10.25
(Accum. Units)	130.1	141.3	+0.4	10.25
Far Eastern	86.5	92.1xd	+1.3	1.66
(Accum. Units)	98.6	105.0	+1.5	1.66
Fund of Inv. Tsts.	84.2	90.5	+1.0	4.56
(Accum. Units)	111.2	119.5	+1.4	4.56
General	217.3	233.6	+0.8	6.01
(Accum. Units)	367.9	395.5	+1.2	6.01
High Income	109.7	116.8	+0.2	9.82
(Accum. Units)	210.9	224.6	+0.3	9.82
Japan	134.8	143.6	+0.3	1.42
(Accum. Units)	140.9	150.1	+0.4	1.42
Magnum	328.5	349.9xd	-0.4	4.55
(Accum. Units)	445.8	474.8	-0.6	4.55
Midland	167.0	177.9	+0.6	9.75
(Accum. Units)	307.8	327.8	+1.0	9.75
Recovery	119.7	127.5	.....	6.37
(Accum. Units)	131.8	140.4	.....	6.37
Second Gen.	226.9	243.9	+0.8	5.18
(Accum. Units)	371.5	399.4	+1.5	5.18

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
100¼	99	Exchequer 13pc 1980‡‡	99¼	......	13.10	15.38
99	96¾	Treasury 11½pc 1981‡‡	98½	......	11.68	15.23
96	90¾	Treasury 3½pc 1979-81	95⅞	......	3.65	12.73
97	93⅜	Treasury 9¾pc 1981‡‡	97 xd	......	10.00	14.59
96¼	91¼	Exch. 8¼pc 1981	95⅜	......	8.65	16.51
96	92¼	Exch. 9½pc 1981	96¼	......	9.87	13.85
95¼	83½	Exch. 3pc 1981	93⅝	......	3.20	9.96
99	96½	Treas. Variable '81‡‡	98¾	......	15.49	16.08
99	95	Exch. 12¾pc 1981‡‡	98	–⅛	12.95	13.90
100	86½	Treas. 8½pc '80-82‡‡	93	–⅛	9.06	13.47
91	82½	Treasury 3pc '82‡‡	90¾	......	3.30	9.79
101	95	Treasury 14pc '82‡‡	100 xd	–⅛	13.90	13.57
96	95¼	Treas. Variable '82‡‡	97¼	......	15.65	16.69
93	86⅛	Treasury 8¼pc '82	91	–⅛	9.02	13.62
93	86	Exch. 9¼pc 1982	92 xd	–⅛	10.03	13.75
93	85	Exch. 8¾pc 1983	90	–⅛	9.64	13.44
85	76½	Exch. 3pc 1983	85⅝	......	3.58	10.66
87	82	Exch. 3pc 1983 A	82⅞	......	3.62	11.05
99	90⅞	Treasury 12pc 1983‡‡	96⅝ xd	–¼	12.41	13.65
96½	90	Treas. Variable '83‡‡	95⅞	......	15.95	17.17
93	84½	Treasury 9¼pc '83	93½	–¼	10.22	13.29
102	94	Exch. 13½pc '83	99¼	–¼	13.60	13.73
93	84½	Exch. 10pc 1985	90⅝	–¼	11.03	13.59
84½	76½	Funding 5½pc '82-84‡‡	83½	–⅛	6.58	11.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL BANK

[illegible]	78	5pc Stock '77-82	[illegible]	......	5.83	13.37

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	89½	......	6.29	14.52
85¼	72½	Do. 6pc 1981-83	83½	–½	7.28	12.69
67	58	N.Z. 7¼pc 1988-92	64¾	–¼	11.32	13.37
81½	72	Do. 7½pc '83-86	79¾	......	9.53	12.75
96¼	88	Sth. Africa 9½pc '79-81	96	......	10.20	15.88
150	95	S. Rhod. 2½pc Non-Ass.	96	......	—	29.66
169	133	Do. 6pc '78-81 N.-As.	142	......	—	29.93

LOANS

Public Board and Ind.

Financial

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Grs
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22⅝	12¼	Hollinger $5	22⅝	......	$2.20	—	3.7
11	850p	Hudson's Bay	965 xd	......	$1.20	—	4.7
14¼	925p	Hud.B.Oil G. $2½	13⅝	+¼	h57½	—	1.6
21	13	Imperial Oil	15⅝	+¼	$1.40	—	3.3
14	855p	Inco	10½	+⅛	72c	—	2.6
565p	425p	Int. Nat. Gas $1	555p	......	$1.00	—	6.8
495p	265p	Massey Ferg.	370p	......	—	—	—
200p	100p	Place Gas $1	114p	+1	—	—	—
14	10	Rio Algom	12½	+¼	$1.50	—	4.5
20	14	Royal Bk. Can. $2	19	–¼	$2.56	—	4.9
25½	15	Seagram Co. C$1	24	......	$US1.10	—	2.1
12	890p	Tor. Dom. Bk. $1	11½	–⅛	$1.36	—	4.3
10½	815p	Trans Can. Pipe	890p	......	$1.16	—	4.9

BANKS AND HIRE PURCHASE

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES AND SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY—Contd.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING MACHINE TOOLS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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هكذا من الأرشيف

INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
95	56	Hanimex Cp. 25c	60	......	t08c	2.6	6.0	3.3
178	120	Hanson Trust	167	......	†7.33	2.8	6.3	9.3
£94	£70	Do.6½pc Cnv 88-93	£94	......	Q6½%	142.1	†7.1	—
54	45	Hargreaves 20p	51	......	3.96	2.2	11.1	(4.9)
82	60	Harris (Ph.) 20p	81	......	5.5	1.6	9.7	(7.7)
46½	31	Harris & Sheldon	40	......	3.0	2.3	10.7	5.5
34	24	Hawkins & Tipson	25	+1	‡1.0	3.2	‡	7.6
16¼	9½	Hawtin 5p	10	......	0.25	8.6	3.6	3.4
68	46	Hay (Norman) 10p	57	......	3.35	1.9	8.4	8.8
274	117	Hay's Wharf £1	245	–2	♦F7.21	3.1	4.2	(9.7)
106	57	Hersher 'A' 10p	101	......	♦2.5	3.5	3.5	11.6
112	86½	Hepworth Cmc.	105½	......	5.0	3.3	6.8	5.2
36	22	Hestair	26	......	1.0	1.0	5.5	(11.9)
50	38	Hewitt (J.)	38	–4	1.5	7.4	5.6	2.7
43	24	Highgate & Job 50p	30	......	—	—	—	—
65	45	Hill (Chas.) £1	48	......	—	—	—	—
33	17	Hirst-Mal'son 20p	18	......	‡2.6	1.4	‡	(3.5)
90	75	Holden (A.)	90	......	5.0	3.3	7.9	4.4
51	26	Hollis Bros.	26	......	1.4	1.4	7.7	(10.8)
88	71	Holt Lloyd Int. 10p	82	+2	63.17	2.5	5.5	8.4
182	120	Hoover 'A'	135xd	–5	‡12.0	0.9	‡	(13.2)
112	90	Hoskins & H 20p	90	......	8.0	1.5	12.7	6.5
*80	54	Howard Tenens	66	......	2.28	[illegible]	5.1	ϕ
377	230	Hunting Assoc.	335	......	5.0	[illegible]	2.1	8.6
139	66	Huntleigh 10p	125	–2	1.19	[illegible]	1.4	29.8
106½	55½	Hutch Whamp SHK1	105½	+1	MQ28c	[illegible]	2.5	15.3
25½	17	Hyman (I. & J.) 5p	18½	......	1.25	[illegible]	9.7	4.1
£13½	845	I.C. Industries$	£13	–⅛	Q52.00	—	6.9	—
182	111	ICL	181	+4	†h2.97	7.1	2.4	6.2

INSURANCE—Continued

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Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	21	......	—	—	—
134	52½	Bond Corp.	134	+8	hQ2.8c	2.2	1.1
156	88	Bougainville I Kina	117	–2	†sQ26.2	1.0	11.4
265	195	BH South 50c	200	......	♦—	—	—
356	230	CRA 50c	314	+4	Q15c	2.1	8.3
25	11½	Canada Northwest	20	–½	—	—	—
42	8	Carr Boyd 20c	38	+1	—	—	—
£36⅞	£15¼	Central Pacific	£32½	......	—	—	—
41	17	Cultus Pacific N.L.	33	......	—	—	—
52	20	Eagle Corp. 10c	38	......	—	—	—
28	15¾	Endeavour 20c	28	+3½	—	—	—
464	175	G. M. Kalgoorlie 25c	410	......	†Q3c	—	0.4
46	15	Great Eastern	24½	+2½	—	—	—
460	260	Hamptn Areas 5p	460xd	+10	4.5	2.4	1.4
204	30	Haoma Gold N.L.	156	–4	—	—	—
50	15	Intl. Mining	46	......	—	—	—
720	80	Leichardt Expln.	160	+5	—	—	—
30	7	Metals Energy	22	......	—	—	—
82	41	Metals Ex. 50c	62	......	—	—	—
312	187	M.I.M. Hldgs 50c	260	–2	†tQ16.1c	1.8	3.2
21	7	Minefields Expl. 25c	17	–1	—	—	—
155	60	Mount Lyell 25c	98	+2	Q15c	ϕ	8.3
28	15	Newmetal 20c	20	......	—	—	—
55	13	Nickelore N.L.	47	+2	—	—	—
207	157	North B. Hill 50c	198	–2	†Q12c	1.4	3.1
101	44½	Nth. Kalgurli	89	......	—	—	—
165	90	Nth. Mining Corp.	140	–5	—	—	—
184	24	N. West Mining N.L.	130	–2	—	—	—
235	144	Oakbridge $A1	203	......	Q12c	4.7	3.1
155	70	Ollmin N. L.	133	+3	—	—	—
230	128	Pacific Copper	218	+8	—	—	—
465	255	Pancont'l 25c	365	......	—	—	—
78	42	Paringa M&Ex. 5p	61	+3	—	—	—
495	335	Peko-Wallsend 50c	470	......	tQ17.5c	ϕ	1.9
230	140	Seltrust A	174	+2	—	—	—
£14¼	575	Southern Pacific	£12⅛	......	—	—	—
100	31	Swan Resources 20c	90	......	—	—	—
34	8	West Coast 25c	22	......	—	—	—
313	177	Westn. Mining 50c	310	–3	†Q7c	1.6	1.2
30	10	Westmex	14	......	—	—	—
108	56	Whim Creek 20c	100	......	—	—	—
34	10½	York Resources	30	......	—	—	—

Tins

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	18	+1	j6.0	—	—
370	255	Ayer Hitam SM1	370	+10	$Q290c	0.9	‡
67	42	Beralt Tin	67	+1	4.5	3.2	9.6
300	149½	Berjuntai SM1	300	+35	Q85c	ϕ	5.9
230	150	Ceevor	160	......	8.4	1.9	7.5
12	10	Gold & Base 12½p	12	......	—	—	—
650	310	Gopeng Cons.	630	+15	†25.0	1.8	5.7
450	280	Hongkong	430	+35	‡35.87	ϕ	‡
128	90	Idris 10p	125	......	14.0	1.2	16.0
15	12½	Jantar 12½p	13	......	1.5	ϕ	16.5
115	64	Kamunting SM0.50	115	+20	Q80c	ϕ	0.0
350	150	Killinghall SM1	330xd	......	†hQ50c	ϕ	3.1
£10	485	Malay Dredging SM1	£10#	......	†mQ105c	2.6	2.1
42	26	Pahang	41	+1	0.44	0.3	1.5
108	83	Pengkalen 10p	105	+1	6.0	1.3	8.3
335	230	Petaling SM1	335	......	†Q150c	1.4	9.4
44	22	South Crofty 10p	27	......	1.0	ϕ	5.3
415	180	South Kinta SM0.50	400xd#	......	5—	—	—
700	325	Sthn Malayan SM1	690xd#	......	†tQ175c	2.1	5.2
305	215	Sungei Besi SM1	265	+5	Q480c	1.1	36.9
50	22½	Supreme Corp. SM1	50	......	hQ8c	—	3.3
125	90	Tanjong 15p	115#	......	5.75	6.0	7.1
95	78	Tongkah H. Tin	80	......	Q45c	1.3	12.6
355	220	Tronoh SM1	355	+10	Q250c	0.7	14.3

Copper

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	207	......	mQ10c	ϕ	2.8

Miscellaneous

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	147	+2	—	—	—
97	52	Barymin	65	......	—	—	—
17	12	Burma Mines 10p	15½	......	0.62	1.1	6.4
172	53	Colby Res. Corp.	168	......	—	—	—
502	285	Cons. Murch. 10c.	310	......	tdQ100c	1.8	18.5
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	370	......	—	—	—
485	327	R.T.Z.	475	–5	15.0	3.2	4.5
33	16	Robert Mines	23	......	—	—	—
112	93	††SPO Minerals 10p	93	–2	—	—	—
58	26	Sabina Inds. C$1	31	......	—	—	—
51	37	††SWCM 10p	37	......	—	—	—
650	411	Tara Exptn. $1	490	+30	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	33	......
Bertam	15	......
Bdg'wtr. Est. 50p	450	......
Clover Croft	63	+3
Craig & Rose £1	£11	......
Fife Forge	32½	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	£13	......
Higsons Brew	75	......
Holt (Jos) 25p	256	......
I.O.M. Stm. £1	168	......
Pearce (C. H.)	465	......
Peel Mills	45	......
Sheff. Refrshmt	103	......
Sindall (Wm.)	141	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£92¾	+⅞
Nat. 9¾% 84/89	£81¼	+¼
Fin. 13% 97/02	£96	+⅛
Alliance Gas	48	......
Arnott	200	......
Carroll (P.J.)	66	+1
Clondalkin	120	......
Concrete Prods.	70	......
Heiton (Hldgs.)	27xd	......
Ins. Corp.	275	......
Irish Ropes	40	......
Jacob	30	......
T.M.G.	20	......
Unidare	75xd	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	25	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd.	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES
Wednesday August 27 1980

Talks at Times in bid to end strike

BY OUR LABOUR EDITOR

ATTEMPTS were under way last night to settle the journalists' strike which has stopped publication of Tbe Times since Friday, although the paper was again not being produced.

The company said it was ready to explore ways of reconciling its self-imposed "casb limit" of 18 per cent with an independent arbitrator's recommendation that the 270 journalists sbould bave a 21 per ceot pay rise.

A letter to the journalists' negotiators before last night's meeting oif the two sides seemed to indicate no shift in the company's position—that it would make no commitment to accept the srhitration in advance of negotiations.

The National Union of Journalists cbapel (office branch) carried out its threat to go on strike on Friday after failing to agree on a basis for further talks.

The letter, from Mr. Dugal Nisbet-Smith, managing director, repeated the management's warning that the future of the newspaper and its supplements were the subject of "urgent examination." It urged the journallsts to call off the strike, hut did oot make that a precondition of the meeting.

Among the options heing discussed last night was wbetber tbe journalists' pay rise could he spread over 18 months instead of 12, presumably in order to keep an 18 per cent limit on their pay hill for the current finaocial year.

Continued from Page 1

Poland

of hostility in his voice, "we want to run the country well. After all, allthis is ours, this must not be wasted."

The strikers also argued that reforms aime dat making the ecooomy more efficlent, which the authoritles have promised, will initially hit working people. "The preseot trade unions are not trusted hy the people, only authentic unlons will be able to explain the problems. They guarantee a solution," sald Mr. Florian Wisniewski, a striking building worker.

David Satter writes from Moscow: In the first direct Soviet comment on the situation in Poland, the Soviet Foreign Ministry yesterday said the political crisis there was "a completely ioternal matter."

Relations between the two countries were characterised by "full mutual co-operatioo in all spberes." Reference to the Polish crisis being an internal Polisb mstter represents the official Soviet point of view.

The Soviet Press has made little direct comment of its own on the Polish situstion since the crisis hegan, limiting itself instead of reporting speeches by Mr. Edward Gierek, the Polish party leader, or the coo-tenta of Trybuna Luda, the Polish party newspaper.

The main Soviet newspspers yesterday publisbed a despatch from Warsaw by the Soviet news agency Tass whicb mentioned some of the reforms agreed to by Mr. Gierek. Tbis had a marked effect in Moscow, where people are not accustomed to readiog about reforms being forced on a Communist leadersbip by populsr demand.

Although yesterday's reports contained the first detailed account of the events io Poland to appear in the Soviet Press, there bas still been no explanation to Soviet readers of the strikers' demands

Continued from Page 1

Shipbuilding

And, according to sligbtly later statistics compiled by Fairplay, the shipping magazine, the reduction in new orders has been more severe. The volume of tonnage ordered in tbe May-July period (8.6m deadweigbt tons) was close to a third below the level of the previous three months.

Japan beaded the world league table for sizes of order hook in the second quarter with 12m grt, followed hy Brazil (2.3m grt), Soutb Korea (2.2m grt), Spain (1.9m grt) and Poland (1.7 grt). Following the jump in UK shipyard orders, the UK moved up froo1 twelfth to ninth in the table.

The volume of oil tanker tonnage on order continued to decline, reflecting the depressed state of the market for very large crude carriers. Tankers represent 30.4 per cent of the tonnage on order.

However, the huoyancy of the dry hulk markets is reflected in the further sharp increase in the tonnage of hulk carriers on order. In the nine mooths to the end of June the world bulk carrier orderbook jumped from 6.7m grt to 12.5m grt.

Texaco discovers oil close to Tartan field

BY SUE CAMERON

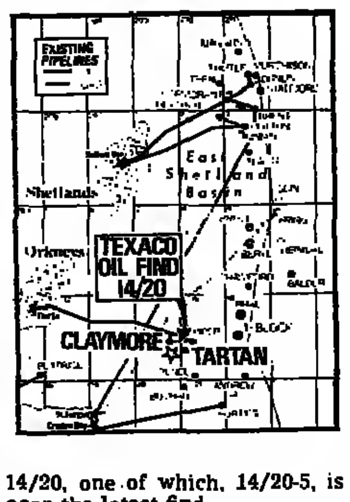
TEXACO, the U.S.-based oil group, has made a promising new North Sea oil discovery ahout 120 miles east of the Orkneys.

The find is on Block 14/20, next to the Tartsn field snd close to one of the main North Sea pipelines.

Texaco said drilling operatioos on the discovery well had been suspended "to allow for possible completion as a producing well at a later date." The group bad started work on an appraisal well immedialely to the north of the new find.

The discovery well, tbe 12th that Texaco has drilled on the block, flowed st a rate of 6,136 harrels a day of 33.7 degree API crude from Jurassic sands through a 0.75 inch cboke. The API—American Petroleum Institute—measurement of viscosity shows the oil is fairly light, but heavier than the nearhy Tartan crude wbich is 37 degrees API.

Texaco has already msde two small oil discoveries on Block



14/20, one of which, 14/20-5, is oear the latest find.

Texaco is sole licensee on hoth Block 14/20 aod on the Tartan field where production is scheduled to stsrt later this year. Tbe group had hoped that Tartao would be commissioned two weeks ago but a last mioute equipment failure caused production to be postponed. Tartan has estimated recoverahle reserves of hetween 250m aod 300m barrels of oil snd is expected to produce at s peak rate of about 85,000 barrels a dsy.

The Clsymore field, wbere the U.S.-hased Occidental is the operator, is slso near the Texaco find. Oil from Claymore is tsken ashore via a spur line which joins a main pipeline from the Piper field to the Flotta terminal in tbe Orkneys. The Tarlan field is also linked to this plpeline. Industry experts believe that if Texaco's discovery proves substantial, crude from 14/20-12 could be carried ashore via the Piper-Flotta line.

Texaco said yesterday tbat its discovery well had been drilled to a total deptb of 9,900 ft in water 434 ft deep. The group warned that the complex geologicsl structures of this section of the North Sea meant there would bave to be furtber delineation drilliog before a complete evaluation of Block 14/20's potential could be made.

French Navy battles to safeguard oil supplies

BY DAVID WHITE IN PARIS

FRENCH Navy vessels equlpped with water cannon hattled with trawlers near the Normandy oll terminal at Cape Antifer yesterday ln an effort to keep the month-old fishermen's dispute from interupting the supply of crude oil.

Five trawlers were damaged in the skirmish. A number of fishing hoats then headed for nearhy Le Havre to reinforce the blockade there, pursued hy two minesweepers carrying helmeted riot police.

At the same time the country's higgest oil terminal at Fos, east of Marseilles, was hlockaded again in defiance of the navy, wbich had reopened the port to traffic before the weekend.

The latest development ln the dispute came ss the French Government sought to defuse the conflict hy providing reassurances to inshore fishermen hy proposing more aid and better organisation of the market for fisb.

But trade unlons were still looking for more concessions at today's cahinet meeting.

The situstion in Channel ports was lltte cbanged from last week before the weekend respite for passenger traffic: In Le Havre the blockade was strengthened after six ships, including two Townsend Thoresen car ferries and a British freighter, forced their way through the blockade during the night.

Fishermen in Dieppe agreed to let cargo vessels through but continued to blockade passenger traffic. Holidaymakers in cars went to the two Brittany ports of Saint Malo and Roscoff, to the hovercraft terminals of Calais and Boulogne, where they faced delays, aod to Belgium.

French railways contioued to route thelr Channel services via Ostend.

M. Joel Le Theule, Transport Minister, said that the Government would not tolerate port activity jeopardised hy a minority.

The warning was attached to a communique outlining elght new measures aimed at small fishermen.

Tbe msln points involved the drawiog up of proposals to lmprove marketing; reinforcement of sanitary controls on imported fish; extra funds from the government's economic and social fund for the modernisation of fishing fleets — pegged to a condition that owners of small hoats get together in producer organisstions; a 15 per cent increase in the prices used ln current intervention mechanisms; and preparation of stricter rules on non-professional fishing.

The Ministry said it would work towards the preparation of an EEC commoo fisherles policy, covering access to fishing waters, management of resources aod market organlsatlon.

The measures attempt to hypass the fishermen's main demand for increased fuel subsidies.

M. Georges Seguy, leader of the Communist-led CGT union whlch has taken hy far the strongest line in the dispute, yesterday demanded an increase in the fuel subsldy to 45 centimes (5p) a litre from 10.5 centimes, a guaarntee of johs, assurances that no sanctions would be taken against the strikers, and withdrawal of riot police squads.

A Communist psrty delegatioo was received at the Prime Minister's office yesterday. The party is pressing for nstional negotiations on the dispute.

Clearing banks resume talks

BY NICK GARNETT, LABOUR STAFF

THE ENGLISH clearing banks resume discussions on clerical and mansgerial staff holidays and overtime pay with their unions today in the same frsctured oegotiating framework thst bas bedevilled labour relations for more thsn two years.

Mr. Leif Mills, general secretary of the Banking, Insurance and Finance Union, underlined his refusal to sit at the same negotiating tahle with the newly-formed and rival Clearing Bank Union, which represents the same type of employee but bas roughly double the membersbip at the three clearers in whicb it operates.

This is despite draft proposals put forward last week by Mr. Jack Britz, general secretary of the CBU, to introduee some order ioto negotiating arrangements by providing for tripsrtite arbitration machinery.

The draft proposals imply some form of common sgreement between the two unions. But BIFU, traditionally the more aggressive negotistor of the two unions, with membersbip in all five clearers, bas told tbe Federation of Bank Employers that it wants no reference whatsoever to CBU in sny new national procedure agreement it signs with tbe banks.

The uncomfortable position this creates for the three banks —Nat West, Lloyds and Bsrclays—in whicb both BIFU and the CBU operate—will be emphasised tomorrow when the federation has separate meetings with the two unioos over holiday claims which are incompatible. The two unions are also adopting dlffering postures over overtime payments.

The banks themselves have not yet decided wbat their position should he oo procedures, slthougb the federation will be trying to get a common approach hot hto procedures and to fixing meeting dates and dealing with the Press.

One major prohlem is that the CBU is seeking a mecbsnism for arhitration. All sides recognise, however, thst if one staff union is not prepared to have s joiot agreement, it would he impossible to operate two agreements with different arbitrstion mecbsnisms covering th esame 180,000 clerical staff.

As a result, BIFU, wbile prefering arbitration in general principle, bas suggested cooeiliation.

Mr. Mills said yesterday that the present negotiating structre bas worked reasonably well, and that joint arrangements involving the two nions would slow up industrisl relatioos.

Honda cuts car exports to Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HONDA, one of Japan's smaller car manufacturers, is to cut sbipments to Britain for the rest of the year, apparently under pressure from the Japanese Government.

The company bas also told ils UK subsidiary to curtail severely car deliveries to its 260 dealers.

The group made clear that it was reacting to protests from the UK industry ahout the rise in the Japanese share of the UK new car market in the past couple of months.

The Japanese Ministry of Trade and Industry is believed to have reminded the car makers about their understanding with the British motor industry to hold hack market share to a "prudent" level—an undertaking seen hy the UK industry as meaning some 10 to 11 per cent of the market.

Honda has heeo able to react fast because it has a wholly-owned UK subsidiary, whereas the other Japanese car concerns use indepeodent importing companies.

The signs are that the importers will have to struggle to keep sales down in the second balf of 1980, because the total market is now expected to sbow a steeper decline than they expected earller this year. Current forecasts show a drop from 1.71m cars last year to ahout 1.5m in 1930.

Honda still expects to have about 22,000 new cars registered in tbe UK this year to give it a market share of around 1.4 per ceot, compared with 17,849 cars and a sbare of 1.04 per cent in 1979.

Honda's progress—a rise of 40.4 per cent in sales from 9,552 to 13,411 in the first half of the 1980—was caused to some extent by a technicality. A delay in its 1980-specification cars' tecbnical tests (the so-called homologation process) caused a teo-week backlog to he released in the UK in January and February this year.

The delay resulted in Honda's 1979 registrations falling from 19,480 in the previous year, when it recorded a 1.22 per cent msrket penetration.

But the group's sales in August — which bas seen the introduction of the "W" registration letter—have been buoyant. Honda bas captured around 2.2 per cent of total UK sales so far this month.

Now the parent company has told dealers and its UK aubsidiary that tbey must pull back to get sales down to a level in line with the Japanese iodustry's assurances that it will take a "prudent" view of the UK market.

Honda (UK) said the move, although it sbould hsve been expected, will cause its dealers considerable hardship, because most of them hold minimal stocks. Some dealers have already begun asking if they can take on another car franchise alongside the ooe for Honda.

The group also warned that the waiting times for some models, such as the Civic and the Accord Executive, will extend lo between six months and one year.

Jerusalem embassy move by Holland

By David Lemmon in Jerusalem

ISRAEL SUFFERED the most serious blow yet to its attempts to confirm Jerusalem as its capital with the announcement by the Dutch Government yesterday that it was moving its embassy from Jerusalem to Tel Aviv.

Since last month's passing of the highly controversial "Jerusalem Law"—whicb proclaimed all of tbe city as the country's capital, including the occupied eastern half—Israel bss been figbting unsuccessfully to persuade the Dutch not to move their embassy as a protest.

Half of the dozen foreigo countries with embassies in the city have also announced that they are moving out. The Netherlands was the only European country with its diplomatic mission in Jerusalem. The others are Latin American States.

In Israel moat embassies are located in Tel Aviv, because few countries hsve ever formally recognised Jerusalem as the country's capital. The annexation of Arah Jerusalem ln 1967 exacerbated this prohlem, and frustrated all Israeli efforts to persuade other countries to move their diplomatic missions to the capital.

But it was internstional anger over the Jerusslem Bill, which made tbe continued presence of embassles in Jerusalem an issue.

Venezuela was the first country to move out in protest over the Bill whicb confirmed the Israeli annexation of the Arah balf of the town. Five other Latin American States have followed Venezuela.

Richard Johns writes from Taif, Saudi Arahia: The issue of East Jerusalem's status was among the subjects discussed here yesterday by Lord Csrrington, the Foreign Secretary, and Prince Saud al Faisal, Saudi Foreign Minister.

Prince Saud warned that failure to hring about a Middle East settlement, lnvolving Israeli withdrawal from all occupled territory iocluding East Jerusalem, could have dire consequences for the West.

"Short of war, only pressure by the West, Europe as well as the U.S., could hring about a solution," he said durlog a hresk ln the tslks.

Prince Saud spoke of the need for Arah States to mobillse all their resources, but did not refer to the oil weapon as such. The situation had already become critical with the Israeli Jerusalem declarstion, tbe lntensification of Israeli strikes against Palestinians in Southern Lehanon, and Israeli plans to preseot a Bill in the Knesset annexing the occupied Golan Heights.

Weather

UK TODAY

Scattered thundery showers at first ln many places, dry with hazy sunshine elsewhere.

London, S.E., C.S., S.W. England, Channel Isl., S. Wales, N.E. Scotland

Sunny intervals with perhaps scattered sbowers at first. Max. 21C (70F).

E. Anglia, W., E. Midlands, C. N., N.E., N.W., E. England, N. Wales, Lake District, Borders, N.W., S.W. Scotland, C. Highlands

Dry with suny intervals at first, cloudy with rain later. Max. 20C (68F).

Ulater

Cloudy with rain. Bright intervals later. Max. 18C (64F).

Outlook: Raio spreading East followed by sunny intervals aod showers.

WORLDWIDE

C—Cloudy. F—Fair. R—Rain. S—Sunny.

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	27	81	Lisbon	C	20	68
Algiers	F	32	90	Locarno	C	21	70
Amsdm.	F	20	68	London	S	21	70
Athens	S	29	84	Luxmbg.	F	19	66
Bahrain	S	36	87	Luxor	S	39	102
Barcina.	F	29	84	Madrid	C	26	79
Beirut	S	30	88	Majorca	S	31	88
Belfast	F	15	66	Malaga	C	28	82
Belgrd.	S	23	73	Malta	S	29	84
Berlin	S	17	63	M'chstr.	S	19	68
Biarritz	C	23	73	Motbne.	S	13	55
Bmghm	C	19	66	Milan	F	23	73
Blackpl.	S	20	68	Mntreal.	C	21	70
Bordx.	C	24	75	Moscow	F	16	61
Boulgn.	F	21	70	Munich	S	19	66
Bristol	S	21	70	Nairobi	C	22	72
Brussels	F	20	68	Naples	S	28	82
Budpst.	F	21	70	Nwcstle.	S	20	68
B. Aires	S	18	64	N. York	S	29	85
Cairo	S	34	93	Nice	F	25	77
Cardiff	F	20	68	Oporto	C	22	72
Cas'b'ca	F	26	79	Oslo	F	16	61
Cape. T.	R	13	55	Paris	R	17	63
Chicago	S	32	90	Perth	F	16	61
Cologne	S	21	70	Prague	S	19	66
Cpnhgn.	C	14	57	Reykjvk.	F	12	54
Corfu	S	30	86	Rhodes	S	30	86
Dublin	F	19	66	Rio J'o	C	25	77
Dbrvnk.	S	25	77	Rome	F	28	82
Ednbgh.	F	17	63	Salzbrg.	S	20	68
Faro	C	22	72	Singapr.	C	30	87
Florence	F	28	82	Stckhm.	C	15	59
Frankft.	S	19	66	Strasbg.	F	21	70
Funchal	F	26	79	Sydney	F	15	59
Geneva	C	16	61	Tangier	C	26	79
Gibraltar	C	26	79	Tehran	S	36	97
Glasgow	F	15	59	Tel Aviv	F	29	84
G'nsey	C	19	66	Tenerife	S	26	79
Helsinki	C	15	59	Tokyo	R	20	68
H. Kong	F	31	88	Toronto	C	23	74
Innsbrk.	S	23	73	Tunis	S	32	90
Invrnss.	C	15	59	Valencia	F	29	84
Istanbul	S	25	77	Venice	F	23	73
Jersey	C	19	66	Vienna	S	21	70
Jo'burg	C	16	62	Warsaw	C	14	57
L. Plms.	S	27	81	Zurich	F	20	68

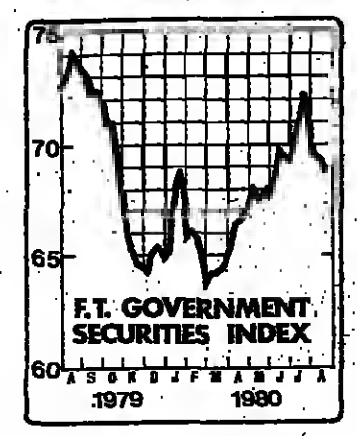
THE LEX COLUMN

IMI's orders drain away

The gilt-edged market returned from the long weekend to find Eurodollar and U.S. tressury bill bill rates higber, and U.S. hank prime rates beginning to move up to 11½ per cent. But gilt-edged prices drifted only slightly lower—the big funds bsve not joined the traders ss sellers, and it is now over a month since the Government Broker supplied any stock.

During that period money rates have risen sharply; yesterday the local authority yearling bond rate was set at 15 per cent, having been as low as 13¾ per cent in late July. The Bank of England is still working hard to prevent any further rise, with another £150m or ao of sale snd repurchaae operations on commercial bills with the discount market last night adding to the mountain of official help with wbich present market levels are maintained.

Index fell 3.1 to 495.8



IMI

Against the general trend of engineeriog company earnings, the rise in IMI's interim pre-tax profits from £13.6m to £17.1m looks reassuringly good. But last year's first half was hadly affected by plant hreakdowns and the haulage strike, which tilted the halance of the year's esrnings into the second six months. Moreover, the experience of 1980 divides sharplv —and ominously—hetween the first quarter and the rest.

After a very strong first ouarter IMI, in common witn the rest of Birmlngham, was struck hy savage customer destocking, particularly in the huilding products area which has been one of its major strengths in the last couple of years. The fall in demand has now spresd to the heat exchange and fluid power buslnesses, and the third quarter shows no recovery.

This is not the sort of background against which IMI's zip fastener lnterests are likely to make a quick return to profit. In addition, the group has been badly squeezed on export margins by the strong pound. Nevertheless, It has been going after export business aggressively—1979 export sales totalled £117m and there ls a 30 per cent rise in the first half of 1980—in order to keep capacity use reasonably high at a time when the home market is very weak.

IMI has managed to keep its stocks and horrowings under control wlth some help from the lower copper prlce. If there is some recovery in demand towsrds the eod of the year, and provided the fast-growing titanium business doea not falter, 1980 profits should not fall too far sbort of last year's £34¼m. The small rise in the interim dividend is a token of some confidence, and the yield on the shares at 59p, down 1p yesterdsy, is 11¼ per cent, twice covered by historic cost earnings on a full tax charge. On this basis the p/e is around 7.

Hongkong Bank

UK hanking analysts who were caught out by the disappointing interim figures produced hy the clearers will have a sense of Schadenfreude at the plight of their colleagues in Hong Kong. For, after a 39 per cent rise in net profits attributahle to sbareholders last year, the Hongkong and Shanghai Banking Coropration has produced interim figures well helow expectations, down a tenth on the previous six months and only 19 per cent ahove the level of the first half of 1979. The decline hetween the latest two halves has been recorded even though the average level of Hongkong prime rates has risen from 14.1 per cent to 14.9 per cent. The results were released after the local markets had closed, though in London the share price slid 5p yesterday to 155p.

With earnings attributahle to outside shareholders remaining fairly buoyant, it looks as if the squeeze is heing felt in the mainstream hanking business. Hongkong Bank's own brief explanation—laying the hlame on high inflation rates and a slowdown in the major economies—is hardly revealing, especially as other (smaller) banks in tbe region, including its own subsidiary Hang Seng, have continued to perform strongly.

But, as in the case of the UK clearers, provisions may have had a substantial effect on the net figure, and the bank's policy of making undisclosed transfers to inner reserves means it is impossible to know how conservative it is heing. Furthermore, this may be a particularly appropriate time to avoid flsunting soaring profits, since Hongkong Bank cut the prime rate to 10 per cent last month despite Hong Kong Government talk about packages to hring the money supply under control.

In spite of the spparent squeeze, the directors are promising a rise in the total dividend of at least 17½ per cent, to HK 54c, producing a yield of 3 per cent. Britisb clearers might cast envious eyes on a p/e of ahout 16.

Contractors

Yesterday's results from Marchwiel shows why the stock market gets nervous about construction shares. Ont of the blue, this conservative and well managed company reported that hslf-year profits had slumped from £3.4m to £440,000, with a problem road contract in the Sudan accounting for most of the setback. The impact over the rest of the year could he just as damaging, which means that profits could fall from £12.4m to perhaps £2m or less. But unlike some of its rivsls, Marchwiel has a very strong balance sheet—which is why it can afford to forecast an unchanged dividend at a net cost of £2m.

Marchwiel says plant failures have played a hig part in its difficulties and its experiences in the Sudan are not all had: having made money out of the kenana sugar project, it is currently tenedring for some hig airport johs. It hopes to have a complete plcture of its losses on the road contract by the end of the year. Meanwhile, it still has liquid assets of around £17m and net worth of about £54m. Bot the shares fell 12p to 84p and a market capitalisation of £28m yesterday, and the yield of 10½ per cent is no great attraction for the short term.

There is much more comforting news from Fairclough Construction, another medium sized group with a sound halance sheet, a good record, and a relatively recent experience in overseas work. Its half yesr profits are modestly higher at £4.2m, thanks mainly to progress in its widely based activities in the UK, where it has managed to maintai nits workload. At 71p, down 4p yesterday, last year's amply covered dividend yields just over 8 per cent.

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